

Sesame Street Gentrified: The Future of Public Media

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Dedications

To my father, Jerry, for his continual support and encouragement to push onward
and find new depths

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Abstract

Sesame Street Gentrified: The Future of Public Media

Jordan B. Abrams

The intent of this thesis is to consider the future of public television by looking at its past and present. While doing a literature review of the history of public media, the idea of incorporating the audiences feelings and analyzing the cultural trends taking place due to economics, technology, current events, and collective value shifts begun taking precedence in the research as it became clear that the future of public media is dependent on the audience's ideals. During the 2008 U.S. presidential election, the abolishment of federal funding was a major topic. The imminent threat posed to public media inspired this research, as the arguments for reallocating funds away from the Corporation for Public Broadcasting did not seem in line with what the American People wanted – those people that, in theory, own the airwaves. In 2009, the television industry went through its biggest change with the Digital TV Transition, leaving Public Television especially at a crossroads, not having the budgets that stations using advertising normally have. In 2016, after years of pondering the research and seeing numerous technological innovations changing the way people live their day to day lives, Sesame Street, the longest-running and most studied and praised program for children, struck a deal with premium network Home Box Office (HBO). Also, in 2016, the spectrum reallocation auctions started. This thesis is a look at Public Media's past and a study of public media today. Using the Sesame Street and HBO deal as the case study example of a cultural shift in public media trends, this thesis is an attempt to present information about the present moment of society today as it pertains to public television by citing former trends and current events (i.e. the 2016 presidential election and immediate aftermath). The original research in this paper involves a survey study and the data presented is a collection of demographic trends and corresponding societal values. During the final research and data collection period of this thesis, Donald J. Trump was elected and took the office of the 45th presidency of the United States of America following a hacked and scandal-ridden race for which President Obama ejected 35 Russian intelligence operatives and imposed sanctions on Russia's two largest intelligence agencies, Uber's first shipment of self-driving cars were en route to Arizona for testing, and a first of its kind grocery store operating without any cashiers opened to Amazon employees to test and collect data for a new consumer shopping experience requiring no human interaction. Scientists created a part-human, part-pig embryo, marijuana was legalized in California, Sioux protesters, protecting their land from oil companies and being abused in the treacherous winter cold by their opponents, successfully protected their land, and record number of pardons were issued by President Obama in an effort to de-flood the jails of non-violent criminals, including commuting Chelsea Manning's sentence.

President Trump signed the Dakota Access order, ignoring the Sioux protesters achievements and put a ban on seven [predominantly Muslim] countries and 218 million people from entering the states. He has proposed eliminating some funds from nearly every government department, which may include the abolishment of federal funding to public media via CPB. The findings of the research in this paper echo to the author similar events taking place in our world, specifically the value we as a people put on things, and how those values have shifted. What we have right now is ultimately what's important to us. This paper may be used in further research on Sesame Street and its new episodes and how they resonate with people. Will Sesame Street continue to be as important to children and education as it always has been? Will HBO's numbers improve? What does the future of public media look like? Have people's values shifted since contributing data to this research? How will a new administration further influence change? Will the new administration privatize public broadcasting, abolishing federal funding appropriations to the Corporation for Public Broadcasting (CPB)? This thesis may also be a benchmark for where we are at currently with technology, or simply to gain an understanding of the history of public broadcasting and the present state of the industry.

CHAPTER ONE: INTRODUCTION

The digital TV transition has opened up new doors and shut old ones; technology is now driving the market place. The Digital TV Transition has also opened up space—broadcasters no longer have to allot valuable spectrum for analog signals, but can instead compress digital signals and disperse better quality images and sound and more of it [content] to consumer devices (Cianci, 2007)—this has made the business of television more competitive. Anytime that there is change that allows for more content to be delivered to viewers, competition will increase (“Competition Issues in Television and Broadcasting,” 2013). Today content can be delivered to television sets as well as to other devices via many different cable providers, Over-the-Air (OTA) signals, and Internet subscriptions. As the number of channels to access content continues to grow, more information becomes readily available; Hal Varian, Chief Economist for Google says, the biggest impact on the world will be universal access to all human knowledge” and “this [availability of knowledge] will lead to a more informed and more educated world population” (Anderson & Rainie, 2014). While competition may influence more information and better content to be distributed, as competition promotes growth and forces creativity (Rosenberg, 2013), a greater number of content-creators are competing for the same pool of production financing (“The Future of Public Television,” 2016), and this disturbs the business models of those who compete in the same marketplace, yet are financed through alternative means than their commercial competitors (i.e. PBS and NPR cannot rely on commercial financing as they are

composed of individually owned and operated member stations designed to serve the public) ("The Future of TV," 2013).

Public television shows are in direct competition with their commercial competitors, as they are competing for the same eyeballs that give value to their show and justify their continued production. Additionally, although Public Television does not raise money via advertising slots, underwriting is a major method employed to capture big company money, as it provides a reputable platform for companies to showcase their involvement with good causes and local institutions where they can reach consumers who have loyal tendencies.

PBS and NPR public broadcast member stations are in trouble. Not to say that other forms of media are not, but public media's future is arguably more uncertain than its private competitors. We saw in the presidential election race of 2012 between Mitt Romney and President Barack Obama how close we came to an agenda that would abolish federal financing of public media. Candidate Mitt Romney, during a debate on October 3, 2012 told debate moderator, Jim Lehrer, who is also a journalist and former anchor for PBS NewsHour, "I'm going to stop the subsidy to PBS... I like PBS, I love Big Bird. I actually like you, too [Jim]. But I'm not going to – I'm not going to keep spending money on things to borrow money from China to pay for it" (Gill, 2012). In 1995, Newt Gingrich called to end federal funding to CPB (Khan, 2011). This threat will never go away – it is a threat that every business has to cope with: the possibility that current fundraising initiatives will cease, allowing only the possibility of finding new ways to fund the business. Public broadcast member stations have to be aware of this eternal threat and try new

strategies so as to become less reliant on federal dollars. Public Outreach regarding how the abolishment of federal dollars to CPB needs to stimulate audiences more in order to prevent the deteriorating of public broadcasters ability to carry out their mission.

There are more options of media intake than ever before (“When the Path to Purchase Comes,” 2015). Public broadcast member stations may be the most trusted and respected sources of information (ORC International conducts national surveys year after year and continually finds PBS member stations rank #1 in trust by the American People, outperforming courts of law often by double) (PBS, Press, 2015), but still the fact remains that as member station funding decreases (and is threatened to disappear altogether) new strategies for becoming sustainable have to be found. *Appendix D shows A PBS produced graph of trust and value from a 2015 press release.*

Big Bird and Sesame workshop can no longer be the major artillery for PBS and CPB against opposing politicians as they have been in the past, such as against Mitt Romney’s proposed agenda in 2012. Big Bird has traditionally been a powerful, stand-alone argument for not doing away with federal contributions that help fund Sesame Street and other public programming and operations. Although Sesame Street can still be used as an argument, the argument is weakened to some extent. The recent Sesame Workshop partnership with HBO that gives HBO exclusive access to all new content for the first nine months throughout their initial five year contract (Flint, 2015), may relieve CPB and PBS and its member stations from allocating federal funding to the show (“Sesame Street Still on IPTV,” n.d.), but PBS has other

valuable children's programming that is now more in danger of being stripped away if CPB is continually depleted of resources. Additionally, Sesame Street and PBS are still partners and though Sesame Street has found a new home and a way to survive, millions of people without HBO (but who have access to PBS) don't get to watch the show anymore as they traditionally have (Popper, 2016). This means that those people that Sesame Street was originally designed to serve are no longer the target audience, as HBO's target audience is not those people (HBO is a luxury service, not a public service): Worldwide, HBO had 134 million subscribers in 2016 ("Number of HBO Subscribers worldwide 2016," n.d). By contrast, a 2013 study highlighted on Florida State University's public radio (WFSU) blog showed that Sesame Street reaches over 150 million children ("New Study Shows the Global, 2013). Sesame Street content, under the terms of the deal as reported by *The New York Times* (Steel, 2015), is free to PBS after the nine-month waiting period. Content produced prior to the partnership is still available to PBS without the lag time.

In 2010, New Jersey governor Chris Christie proposed eliminating state-funding for New Jersey Network (NJN) (McGlone, 2010), a state licensed PBS member station. Christie's proposal could have meant the station going "black," leaving New Jersey without a Public Television station. Ultimately, the state kept the station licenses but WNET signed a five-year agreement to run the station (New York Public Media). The station continues to deliver New Jersey content as NJTV, a community licensed public television station. The now NJTV (formerly NJN) is no longer a state-run public television station, but New Jersey could have lost its public television programming altogether had WNET not 'come to the rescue' in a sense.

While Chris Christie does not presently have a formal role in President Trump's administration, he is a longtime supporter and consultant to President Donald Trump, and there is a possibility of Chris Christie being able to persuade President Trump that decisions such as Christie's NJN cut-off agenda may be a good way to cut back on federal funding to tighten the federal budget. Christie and President Trump had lunch at the White House in February 2017 where they reportedly discussed a variety of topics (Davis, 2017) and Trump has already begun talking about privatizing public media so as to eliminate federal appropriations to public media (Bolton, 2017). The United States National debt is quickly nearing 20 trillion dollars and our U.S. federal budget deficit is well over a half trillion dollars (Patton, 2016.) . *A snapshot as of January 2, 2017 can be seen in Appendix 1.* Although Chris Christie does not yet have a formal role in President Donald Trump's administration, he is still in communication with the President, and proposals to abolish federal funding to public broadcasting and privatize it have already been presented to the 45th President, who is hoping to follow the budget projections of being able to cut the budget by \$10 trillion over the next ten years by cutting appropriations to all government departments (Gertz, 2017). *Vanity Fair*, in an article from January 13, 2017, said that Christie may come to the administration in another waive of hires, and Christie has already stated that should he move to Washington, his wife would stay in New Jersey (Tracy, 2017), implying it is an agenda he is preparing for.

As of 2013, the 400 richest Americans combined net worth equaled about two trillion dollars, which is more than the combined net worth of half of all Americans, and more than the annual GDP of both neighboring countries, Mexico

and Canada (Frank, 2013). As of year-end 2016, the 400 richest Americans combined net worth was 2.4 trillion dollars, as reported by Forbes Magazine in their annual study of the 400 wealthiest individuals (Frank, 2013).

Statement of the Problem

In this technology-driven age, consumer preferences are continually changing; television, the largest and most consumed media (“TV Communications to Top,” 2016), must also change and refine business models in order to stay relevant and profitable. Public Television stations especially have to make great efforts in order to stay significant to viewers and continue their mission to provide quality content that educates, informs, and inspires. The majority of public television stations’ budgets rely on community memberships, public and private donations, and federal funding. Although the majority of public television stations *only* rely on federal funding for below 50 percent of their budget (Gertz, 2017), a report generated by PBS revealed, “ending federal funding for public broadcasting would severely diminish, if not destroy, public broadcasting service in the United States” (Strupp, 2012).

Federal funding for public broadcast stations has been cut back in recent years; its survival is being threatened—federal funding may be cut altogether from the federal budget eventually (Jensen, 2011). From 2011-2012 it was noted that, “91% of all U.S. television households - and 236 million people - watch PBS” (Burns, 2012), so it is essential for public television to adapt to changes in the marketplace.

As of January, 2017, as this text is being revised, CPB no longer allocates funds to Sesame Street and therefore has less basis to use Sesame Street in

campaigning for and securing government funding (McFarland, 2017). Sesame Street has contributed to PBS's approval, being the number one show for kids, but Sesame Street has had to find new sources of funding in order to continue its mission. Sesame Street found ample financing at HBO, where Sesame Street now continues to produce content, and more of it, without relying on multiple streams of financing and revenue (as federal funds only accounted for less than 10 percent of Sesame Workshops budget (Flint, 2015) and they [Sesame Workshop] were operating at a deficit. Sesame Workshop can now – presumably – focus more on content for Sesame Street. Sesame Street has made some obvious changes to length, setting, material, and character time in its newest episodes for HBO.

CPB and PBS may soon be victims of severe federal funding cutbacks (as they have been in the past) and may be cut-off altogether. The threat continues to grow, especially amidst a troubling economy with a huge national debt that may be crippling future generations and a President vowing to cut the federal deficit and shed funding to government institutions that have not been favorable to Republican majorities in the past. With the absence of public media, future generations may be more crippled than we could imagine.

Additionally, because Sesame Workshop and HBO proposed in 2015 and executed in 2016 a partnership deal for exclusive rights during a period of time for the next five seasons of Sesame Workshop programming, and aside from the technology and federal funding factors involved for public broadcasting, what will the response be now and in the future to shifts, like Sesame Street being on HBO, from an ever-adapting, unpredictable audience that seemingly has changing values?

Unpredictability is costly and usually unsustainable, and a tough bargaining chip for those broadcasters reliant on audiences and their trust to operate. Public Media is meant to serve the people, and in this rapidly evolving digital marketplace, in some ways that is easier to do, and in some ways that's very difficult to do without a lot of money.

In 1970's New York, Jane Jacobs (author and urbanist) and Robert Moses (city planner) battled regarding their beliefs for what the city should be. In a sense, the same thing that Moses was trying to do, is happening in today's media. We are seeing a major shift from the top down that is causing displacement and gentrification in media. This gentrification is, in a sense, replacing what Jane Jacobs called "organized complexity," when she referred to the city, or what appears as chaos on the streets but which is actually a series of organized movements that makes a city run. This she argued was essential for a city, and not the planners' orchestration of it all, that will eventually make the media industry, what she called the "vibrant city," or the "ideal" city in a planner's mind – something that looks beautiful from far away. In other words, ultimately, the consumer will decide the future of media by their contribution and loyalty to the programming that they [consumers] see as important and relevant for their individual needs.

Background and Need

The deal between HBO and Sesame Workshop is still relatively new and little qualitative data exists in response to the partnership and episodes. Additionally, Donald J. Trump is the 45th President of the United States, despite the New York Time's website *The Upshot's* predictions (and the American majority), which tracks

election forecasts, publishing on November 8, 2016 (election day) that Mr. Trump had only a 15% chance of winning, compared to Clinton's 85% chance (Katz, 2016). Given the unpredictability that seems to be surrounding the United States of America and given the fact that a Republican in office increases the likelihood that federal funding for public media will be eliminated, this thesis study is especially topical now. Public broadcasters arguably need to understand the American People, demographic trends, and shifts in the marketplace in order to be better suited to tackle the complexities of staying alive in an ever-evolving, increasingly-competitive industry that serves a more diverse and complex audience than ever before.

Given that, as a country, we can be so divided, so wrong in our predictions, and place higher value on technology innovations than we ever have before, this study of HBO and Sesame Street, using a lengthy literature review of the history of public media, provides an aggregated study encompassing many sources, theories, and original data that differs from any study, even similar, that has been produced to date, therefore making it a solid launching spot for future studies of the blending of public media and premium cable.

While it has been more topical of late, likely due to the most recent budget proposal and intent of cutting federal funding to CPB that was proposed by the Trump administration, there is not enough known about how audiences feel about the threat posed to public media and the fact that Sesame Workshop is now partnered with a premium cable giant. This threat that we've seen in the past—doing away CPB federal appropriations—is back on the table with the Trump administration deliberating whether to privatize CPB. Thus, it is more pertinent

than ever before, given that media trust is arguably more in question than ever before **(Fake News quote about how much it is searched for) (AA)**, that we study audiences, the very people taking in all of this news that includes budget cut proposals.

It is unclear what will happen with PBS and CPB and if they will continue to get federal funding that they and many individual member stations are extremely reliant on. Simply fighting against those with opposing views and who propose to cut back on public media spending to trim the federal budget will require much time, effort, and money from PBS and CPB. Though these are also subjects of interest to the author, given the fact that during the most recent presidential election federal funding for public media was not an issue like it was in 2012, the focus of this study is more concerned with audiences, as it is audiences that public media need be concerned about in order to secure funding from people and by extension, the federal government.

However, on January 19, 2017, the day before Donald J. Trump elected as the 45th President of the United States, a report was issued stating that Trump's team is planning to privatize public broadcasting, and cut budgets for all government departments with the goal of reducing federal spending by up to \$10.5 trillion over the next year (Ingram, 2017). *Fortune* magazine used an image of Sesame Street in its article, implying that Trump's administration sees the HBO and Sesame Street deal as an example of how privatizing previously public institutions makes sense. CPB's annual federal funding of about \$445 million accounts for only a fraction of the government annual budget (approx. 0.01%); however, it "is one of the items

reportedly on the chopping block” (Gertz, 2017), according to *Media Matters*, which responded to Trump’s meetings ahead of inauguration that discussed decreasing the federal budget (*The Hill* first reported topics included). CPB issued a statement in response:

The federal investment in public media is vital seed money -- especially for stations located in rural America, and those serving underserved populations where the appropriation counts for 40-50% of their budget. The loss of this seed money would have a devastating effect (Gertz, 2017).

In a 2012 report from Booz and Company that was commissioned by CPB, found “the loss of federal support would mean the end of public broadcasting” (Gertz, 2017). The same report said, “A reduction or elimination of CPB funding will put 63% (251) of radio stations and 67% (114) of television stations in the public broadcasting system at risk” (Gertz, 2017), noting that there are no adequate funding mechanisms that could be put in place without compromising public broadcasting’s mission. Despite these findings, the Republican Study Committee argues, “a free society should not have government-supported media outlets, especially ones that so often convey political news and opinion. There is no shortage of media outlets and news services available to consumers” (Ingram, 2017).

Purpose of Study

The purpose of this study is to present new research and analysis regarding the state of public media, especially public television. This study is most concerned with the present state and potential future of public media. In order to understand the state of the media industry, and more specifically the current state of and

potential future of public media, we must be familiar with the history of the industry so as to understand its trajectory and implications, in addition to past trends. Because public media are meant to serve the people of its country, and be an extension of the people in the communities it serves, we must understand how people feel about the industry and the shifts taking place in order to speculate about what the future may hold. To do this, the author's data contribution and analysis involves a subject that carries much controversy, is new and therefore has little analysis, and may shed light on the future of both public media and all media: The partnership deal between Sesame Workshop and HBO. So, given the resurrection of proposals to abolish federal funding, if CPB as a government department is either totally or partially cut off, making public broadcasting either die or survive being privatized, its mission will undoubtedly have to change and the value people place on public media may change altogether. This study then, stands as a time capsule marking a specific moment of time for how people feel about public broadcasting.

Description of Study

This study involves an extensive literature search to understand how and why public broadcast media was formed and how public broadcasting stations have changed over the years. This study will examine what these broadcast stations are doing, in terms of financing, technology, community outreach, and programming, amidst a troubling economic environment full of consumers who take in differing media in more ways than ever before, in order to position themselves for a sustainable future. CPB's future is uncertain, and by extension so is public broadcasting as a whole in this country and others. Deals like the recent HBO and

Sesame workshop one threatens CPB's future, and by extension PBS's future, as it may be more difficult to argue the importance of federal appropriations with Sesame Street as a ready target for those who question the need for public broadcasting. Through professional articles regarding the HBO and Sesame Street deal, the 2016 presidential election (to gauge audience trends), and looking at former shifts that reshaped markets or cities, etc., as well as conducting a study that involves distributing a qualitative survey to unknown (to the author) participants, we may start to see some trends and feelings of public media consumers that will help lay some groundwork to better understand what the future of public media may look like.

Research Questions

- A. Sesame Street made the move to HBO. So what have the results been thus far?
- B. How do people feel about the deal between HBO and Sesame Street? How engaged are consumers in this?
- C. Have there been any significant changes in the way that people consume Sesame Street, has it been good for HBO, has it been good for public broadcast stations?

Significance to the Field

Participants of the study may be able to broaden their reach concerning the initiatives they have in place by contributing information to the public that is not published and to give those fighting for federal money, an added perspective. If those who are concerned about public broadcastings' future are more aware about

the initiatives member stations plan to execute, the public will likely be more willing and able to help member stations succeed. Conversely, if public broadcasters are aware of how the public feels about programming and deals taking place, they may be better geared to refine their objects and create sustainable business plans for the future that will help them to produce quality content that is increasingly more relevant to consumers' lives.

Currently, no research shows how PBS may suffer in years to come due to its reliance on CPB funding and the loss of first runs of its most popular children's program. We can only speculate what may happen given recent past and new moves that have affected PBS (i.e. Sesame Street switching networks). Additionally, no qualitative research shows how people feel about this switch. There are many blogs and twitter comments and articles giving opposing views, but no consolidated information that is public exists. HBO, PBS, and Sesame Street may be able to look at this research and better understand how people feel and what may happen in years to come. Alternatively, should federal contributions be completely eliminated, this study can serve as a time capsule of how the fight was fought and the immediate aftermath of such a significant cutback to something that majority of Americans believe is a highly important use of tax dollars.

Definitions / Acronyms

A-la-carte - a programming option that has been proposed, that would allow consumers to individually pick channels to be included in their cable subscription rather than receiving a package of channels.

CPB - Corporation for Public Broadcasting

CPM - Cost Per Thousand. A term used in Television and Advertising to determine the amount a Television Station can demand from an advertiser to air a commercial in a particular slot.

DMA - Designated Market Area

Digital TV Transition - In June 2009, all broadcasters were required by the Federal Government to switch all systems from analog to digital. This required billions of dollars of expense for broadcasters in order to stay up to the FCC's code on the mandate. Consumers had to either purchase new TV sets or get a digital converter box (if electing to keep their analog TV set) in order to receive signals other than broadcasters' over the air (OTA) signals.

Lapsing - A term referring to members of public television stations who do not renew their membership. Those members may knowingly stop contributing or unknowingly not renewing because they've forgotten or not gotten around to pledging more money.

Minority - Any group within the U.S. population that is not categorized as white. Groups categorized as 'minority' in this case study are: Black, Hispanic, Asian,

Must-Carry- a network can elect that they "must-be-carried" by a cable provider in exchange for not being compensated with retransmission revenue.

National Broadband Plan - released by the FCC on March 17, 2010, sets out a roadmap for initiatives to stimulate economic growth, spur job creation and boost America's capabilities in education, health care, homeland security and more. The plan includes sections focusing on economic opportunity, education, health care,

energy and the environment, government performance, civic engagement and public safety (“NATIONAL BROADBAND PLAN,” 2015).

NET - National Educational Television – Commercial free educational television network that ran from May 1954- October 1970 when PBS became its successor.

NETA - National Educational Telecommunications Association

NPR - National Public Radio

OTA - Over the Air

PBS - Public Broadcasting Service

Retransmission - a cable provider retransmitting a signal from a network so that it [network’s channel] is included in the cable provider’s lineup under one of their package tiers.

CHAPTER TWO: REVIEW OF THE LITERATURE

Introduction

"I do not believe you can do today's job with yesterday's methods and be in business tomorrow" – Horatio Nelson Jackson (S.,2016).

There are nearly 320 million people living in the United States today; all are targets of media conglomerate companies. The vast majority of people consume television and watch an average of four hours per day (Elert, n.d.). *Appendices 4 and 5 show how the average American spends their day and how their day has changed over the years, respectively, in 2015.* Although the number of televisions being purchased has plateaued in recent years, the audience for TV grew every year from 1959 until 2009-2010 (Ingram, 2015), and consumer viewing is still on the rise thanks to other conduits, such as mobile devices, being used more regularly to view television content. The number of those people using mobile devices to view content is especially significant among broadcasters' most coveted demographic: Millennials. In a study produced by Bank of America, Millennials said they interact with their smartphones more than they do with any person, including their significant others, parents, friends, and co-workers (Hill, 2016). In 2015, 87% of consumers used more than one device at a time (i.e. computer and smartphone or smartphone and TV) (Flomenbaum, 2015). Nielsen estimates that approximately 75 percent of the roughly five million homes that go without Over the Air (OTA) signals or are receiving service from a cable or satellite company still own television sets that they couple with DVR-style services like Roku Boxes or gaming consoles to see Netflix, Hulu, and similar companies' libraries of media (Bauder, 2012). Cable prices

are continually rising, programming is becoming more expansive, and niche DVR services like Hulu and Netflix are allowing for relatively cheap, easily accessible, commercial-free media consumption.

The country is as a whole spending less time watching real-time television (Bauder, 2012). Events that are broadcast **live** garner the most attention for traditional TV viewing (“The State of Traditional TV,” 2017), but the methodology of a-la-carte programming and DVR is especially popular signifying that the demand to have programming when we want it is on the rise. *The more options consumers are given, the pickier they can become.* The restaurant industry has seen, despite increasing menu options, consumers custom order a large portion of the time (unsurprising given the allergies people have is on the rise). Even back in 2004, Ron Shaich, CEO of Panera Breads, called this picky mentality, “a rejection of mass society” (Horovitz, 2004)

People watch less TV as it’s being fed from the station (Stelter, 2012), but that’s to be expected since the choices and options for viewing content from other sources has increased exponentially. High viewership for **live** programming is also to be expected because it provides social opportunities where consumers can ‘converge’ different entertainment devices to be more engaged as a participant to an event. Convergence means combining various types of media platforms to interact with or view content (“What is Media Convergence,” n.d.). When one is ‘tweeting’ or talking to their friends about a particular show on a second screen, such as a computer, about what is airing on the primary screen [television], this combined use of media sources is known as convergence (“What is Media Convergence,” n.d.).

Convergence and the media trends described above raise two important issues when considering strategies to be undertaken in this ever-changing marketplace of next-generation consumers: how to reach consumers and how to fund that approach.

This dilemma of reaching and having the means to reach consumers is of particular concern for Public Broadcast member stations—which traditionally rely on alternative sources of revenue compared to commercial broadcast and cable channels. Given the alternative revenue stream, keeping up in a convergent world is difficult. To consider convergence more deeply, broadcasters must consider the new technological avenues to create and distribute content so as to stay relevant, accessible, and engaging. Let's begin by taking a look at the history of PBS and how member stations have operated.

History of PBS Member Stations

Because it is free of the scramble for ratings, public broadcasting has room for experimentation and risk-taking. Public broadcasting is for all Americans. It can meet the needs of audiences that number in the millions but are seldom served anywhere else (Carter, 1977).

In the opening paragraph to the response to the public notice regarding 'The Future of Media and Information Needs of Communities in the Digital Age' before the Federal Communications Commission (FCC), the Corporation for Public Broadcasting (CPB) stated that "public broadcasting in the United States was founded on principles of diversity and excellence of programming, responsiveness to local communities, and service to all" (Harrison, Kerger, Schiller, Thompson, n.d.).

In the early 20th century, colleges and universities were starting to experiment with radio to educate and inform their student bodies. On November 25, 1925, the Association of College University Broadcasting Stations (ACUBS) was founded, which later became known as the National Association of Educational Broadcasters (NAEB) (“National Association of Educational Broadcasters,” n.d.). The organization persuaded the FCC to reserve five radio channels for broadcasting educational material (“National Association of Educational Broadcasters,” n.d.). Then, in the late 1940s, prompted by the obvious influence and benefits students were getting out of educational radio, the Federal Communications Commission (FCC) allotted the lower end of the new FM band exclusively to non-commercial, educational stations. This set the stage for a major station expansion. In the 1950s, the mainstream adoption of television sets changed the way many people consumed broadcast media. By 1955, half of all homes in America owned a television set. A decade previous there were only approximately 6,000 television sets in use (2). Today, the average home has more TV sets than people in the home (“Average Home Has More TV’s, 2006).

Corporation for Public Broadcasting

Despite the adoption of television, public radio continued to flourish in the fifties; in fact, viewership of public television grew while commercial radio station reach declined. In 1967, President Johnson signed the Public Broadcasting Act, which led to the creation of the Corporation for Public Broadcasting (CPB), which was intended to encourage “the growth and development of non-commercial radio” and to develop “programming that will be responsive to the interests of the people”

(NPR Overview). CPB was to do this by acting as a provider of funding for public broadcasting initiatives. To this day, CPB remains “the largest single source of funding for American public television and radio stations, spending about \$1.40 per American per year” and providing between two and fifteen percent of member station’s revenues (“History of Public Broadcasting,” n.d.). For Sesame Workshop’s budget, less than ten percent comes from federal appropriations; according to CPB’s FY2012 budget, between eleven of the most popular public programs (including Frontline, American Masters, NOVA, and PBS Newshour, among other programs, received a combined \$26 million (“Corporation for Public Broadcasting Appropriations,” 2013). CPB essentially acts as an umbrella for public television and radio contributing roughly 14.9 percent to the average member station’s revenue and as high as 50 percent for other stations (Goldfarm, 2006).

The Public Broadcasting Act of 1967

“It is in the public interest to encourage the growth and development of public radio and television broadcasting, including the use of such media for instructional, educational, and cultural purposes” – President Lyndon Johnson (“United States, Congress,” 1967)

Ninety forward-thinking charter stations, to provide national news programming, incorporated NPR on February 26, 1970. By 1977, just ten years later, the number of NPR member stations had grown from 90 to 190, thus inspiring a new responsibility for NPR to represent the interests of NPR member stations (“Overview and History,” 2013). The Public Broadcasting Act of 1967, being designed to “enrich man’s spirit,” according to President Johnson, also helped spark

Public Broadcast Service (PBS), which ‘replaced’ National Educational Television (NET). NET was a commercial-free television network that was PBS’s predecessor and major influence.

Public Broadcast Service (PBS)

PBS began in 1969, while NET was still producing several programs, with PBS inheriting several NET programs and stations after the merger. NET, which originally aired Sesame Street (which has aired on PBS ever since), changed its call sign to WNET. Today there are over 250 member stations, together reaching 211 million people per year according to the background section of the PBS website.

PBS is a unique collaboration of member stations. Public Broadcasting in the United States is different than any other developed country in the world; members choose to donate to PBS member stations. In the UK for example, British Broadcasting Company (BBC) is paid for through mandatory taxes issued to citizens (“Why PBS and BBC Are Worlds Apart,” n.d.). The idea for PBS is to distribute more compelling, localized content that is freer from government influence (“Why PBS and BBC Are Worlds Apart,” n.d.).

Each member station is an individual entity in that it receives all of its non-government support from community outreach and fundraising initiatives. Being a PBS member station merely gives the station the right to carry PBS’s programming and utilize the various services established by PBS and other companies specializing in Public Television. PBS essentially provides member stations with an established network association, as non-PBS members can license PBS’s programming, too.

Member station support can come from various sources, but there are a few types of PBS member station licenses that can be obtained, depending on the mission and needs of the community the station serves. 356 PBS member stations are locally owned and operated by 168 different licensees. License types and their corresponding number are listed below:

1. Nonprofit community organizations (87)
2. State authorities (20)
3. Local educational or municipal authorities (5)
4. Colleges/Universities (56)

("Overview," n.d.)

Finance

PBS member stations receive support from a variety of sources, and depending on the size and demographics of the area, proportions among how much they receive from federal grants differ. Generally, the larger the station, the less dependent on federal financing (Lee, 2012); the rationale for this is that there are a greater number of people with the means to donate to public broadcasting. Additionally, those areas that are more populated often have greater access to assets for producing a program; PBS member stations can get corporate or foundation funding to produce original content programs and then offer those programs as free offers or license their self-created programs to other stations as another revenue source. Station revenues from federal appropriations average around 15%, but this is an aggregate number, as many stations – mainly smaller stations – rely on federal funding for much more than that according to PBS's

website. National Public Radio (NPR) member stations, which have fewer expenses, report that their reliance on CPB for roughly the same amount of their revenues (15%). Federal money has dropped from nearly 30 percent of the PBS budget in the early 1970s to less than 15 percent today (Godomski & Kjaer, n.d.); “0.00014% of the annual federal budget goes towards public TV and radio” (Rolandz, 2012). Member stations revenues are also reliant on local underwriters, public and private donations, and membership fees. Both PBS and NPR stations report on their respective websites that they receive majority of their funding from individuals, often during pledge drives that are broadcast on the station.

Programming

Programming for PBS member stations is primarily provided by PBS, since member stations pay annually for access to this content as full-member stations or Program Differentiation Plan (PDP) stations. However, PBS does not produce content itself. Content also comes from a variety of sources as it is the member stations, individual producers, and various other program producers that create content which PBS can license for distribution (“Public Broadcasting Service,” n.d.).

1. Member stations can develop their own shows that they can also license to other stations or to PBS for distribution (i.e. *Masterpiece*)
2. License from PBS (this is included in their membership as they pay dues) (i.e. Sesame Street)
3. License programs from other public broadcasting producers and distributors, such as the British Broadcasting Corporation (BBC), NETA or

American Public Television which also offers content to member stations that pay additional dues for access to this material,

4. License programs from other production companies
5. Content-sharing initiatives such as the Major Market Group (MMG) initiative.

The MMG is a group of 28 of some of the largest member stations that share some of their arts and cultural content that can be distributed across their Internet websites.

PBS's programming reaches hundreds of millions of Americans and various programs appeal to differing demographics.

National Educational Telecommunications Association (NETA)

NETA is a nonprofit membership organization that serves public television licenses and educational entities in the United States, including the U.S. Virgin Islands, and Puerto Rico ("About NETA," n.d.). The organization succeeded the Southern Educational Communications Association (SECA) in 1997 ("About NETA," n.d.). SECA was a nonprofit organization that was incorporated in November of 1967 in Columbia, South Carolina, after a group of ETV station managers and educators met to discuss the feasibility of forming a regional association similar to, but broader in scope to the Eastern Educational Network (EEN) ("Southern Educational Communications Association," n.d.). EEN was one of the first networks to distribute educational television shows on a national basis ("Southern Educational Communications Association," n.d.). They were eventually succeeded by American Public Television (APT) which has become the largest syndicator of

programming for public television in the United States; APT also manages two networks channels: *Create* and *World*.

In addition to the counseling and administrative duties as well as quality programming they provide to individual member stations, NETA is in association with The Organization of State Broadcasting Executives (OBSE). OBSE works on common concerns by pooling resources from public television stations, as well as The Affinity Group Coalition (AFG), which is a collaborative of groups working together with the mission of continually advancing public television service (“About NETA,” n.d.). OBSE is also a part of this coalition. Other groups and representatives within the AGC and that take part in their mission are listed below:

- Small Station Association
- Major Market Group
- Beta Group
- Joint Licensee Group
- University Licensees Group
- Association of Public Television Station (APTS)
- CPB
- PBS

American Public Television (APT)

APT, the largest syndicator of public television licensees, is headquartered in Boston, MA and distributes thousands of hours of programming to public television stations each year. APT seeks out programming from domestic and foreign distributors. APT runs three programming services to distribute programming:

1. **Syndication**- feature film packages and international productions
2. **Premium Service**- performance specials
3. **Exchange**- lifestyle and travel series, how-to

(“Services: American Public Television,” n.d.).

Audience

PBS’ mission statement is “to create content that educates, informs, and inspires.”

With over 350 stations, PBS reported that their programming reaches a vast majority of its potential audience with 220 million people and 90 percent of all U.S. Television households in the period from September 2011-2012. Public television reaches 99 percent of the population (McLoughlin, 2005). A Nielsen NTINPower October 2010 study revealed that on a monthly basis, public television broadcasters reach 121.9 million people. Public radio reaches roughly half the audience on a monthly basis that public television does.

Since PBS member stations are locally owned and operated, there is local station autonomy – The PBS website states, “local decision-making ensures topical and relevant content and allows PBS member stations to reflect the communities they serve.” In other words, PBS’ member stations are designed so as to cater to and provide the most relevant information needs of their specific DMA audience.

Member stations reach all differing demographics, but like any other network, skew more towards specific age groups and demographics depending on the market they serve and the mission they carry out. Every member station carries some of the same programming so that all demographics in an area are hit.

However, some demographic groups are more likely to watch PBS programming.

PBS's audience consists mainly of higher-educated, more affluent households ("Overview," n.d.). As of 2008, 41.1 percent of the audience has an income of \$60,000 or more and 30.4 percent of the audience have a four-year college degree ("Overview," n.d.). Median household income after inflation fell to \$50,054 [in 2011], a level that was 8 percent lower than in 2007" (Tavernise, 2012). Approximately 22% of PBS'S audience is black or of Spanish origin ("Overview," n.d.). Programs such as *Downton Abbey* as well as *Frontline*, whose audience is primarily younger men and women aged 35-49 help PBS vary its audience more as viewership for its news and public affairs programming is predominately 55+ males and females ("The Frontline Audience," n.d.). Additionally, their quality children's programming helps spread its demographic audience further – "82% of all kids ages two to eight watched PBS during the 2011-2012 season" (Nielsen NPower, 9/19/2011-9/23/2012). In 2012, four of the top 10 programs among mothers of young children were PBS programs in December 2012 and six of the top 10 programs for children two to five were PBS programs ("Overview," n.d.). In the year from 2007-2008, PBS had an average 1.3 primetime rating from Nielsen metrics ("Overview," n.d.). Shows such as *Downton Abbey* subsequently drew huge numbers increasing that rating significantly; the series season 3 premiere earned a 7.4 national household rating, averaging 11.1 million viewers and the series finale was even larger. It is the top-rated PBS drama of all time ("Today's PBS," n.d.).

Although PBS has received some criticism over the years for being too reliant on federal funds, it is still highly regarded among U.S. television households as an extremely important source of news and programming (McNamara, 2012). This

research was conducted by the Roper Center for Public Opinion.

In February of 2013, PBS was named as the most trusted institution in this country as well as the second best use of federal tax dollars, second only to military defense spending for the tenth year in a row by National Research (“PBS and Member Stations Mark,” 2013). PBS KIDS was called the #1 educational TV/Media brand with a 62% vote in 2012 (McNamara, 2012) and kept the title in a press released issued in February 2013 with a 44% vote (“PBS and Member Stations Mark,” 2013). In 2015, PBS KIDS again ranked number one, significantly outscoring its closest competitors (Discovery Family, Disney, and Nickelodeon). PBS is twice as trustworthy as Courts of Law and over six times more trustworthy than Congress (“Leadership Team,” n.d.) according to the American public. Given the congressional differences and shifts taking place in early 2017 and with extreme divisions of opinion among the 2017 president-elect’s choice for Attorney General, Jeff Sessions; over 1,100 law school professors from 48 of 49 states that have law schools signed a letter that was then sent to Congress urging the Senate to reject the president-elect’s nomination (Horwitz, 2017). 74% of the American public believe federal financing to PBS is money well spent (“Leadership Team,” n.d.) and during the presidential election of 2012 when Mitt Romney made his stance clear that he intended to abolish federal financing for PBS (Mirkenson, 2012), 69% of voters opposed this stance (“National Survey Finds,” 2011). PBS was also voted as the number one important source of television available, ahead of both cable and broadcast commercial TV (Lacob, 2013). 121 million people saw 500 hours of arts and culture programming in 2012 (Lacob, 2013). PBS was also the 6th most searched for

Humanities 'Donation' term in 2012 according to Google Zeitgeist trends ("Google Zeitgeist," 2012.).

PBS has built a reputation of offering the public a front row seat to view arts and culture from the comfort of their home. Public Broadcast programming has undoubtedly had major effects on its viewers, young and old. It is extremely important to viewers and the content has always had room for experimentation, risk-taking, and has mainly been free of the scramble of ratings, where competing for advertising space that fuels for-profit network and cable shows. The mere fact that Mitt Romney went after Big Bird and Sesame Street as a symbol for public broadcast's federal aid gives value to how important and recognizable PBS is to the American People. Knowing how important Sesame Street has been to PBS, and considering the current economic climate and the recent HBO deal with Sesame Workshop, let's take a brief look at the history of Sesame Street to the Present.

Sesame Street celebrated its 45th birthday in 2015 (prior to the partnership with HBO in 2016) (Cookie Monster celebrated his 48th birthday because he was originally designed for a cracker commercial that predates the show) and has lived its life up until now on PBS. Sesame Street is the longest running children's program in the U.S., has been the subject of well over 1,000 studies ("Our Results," 2016), and has received several hundred Emmy nominations, more than any other show in history ("Sesame Street – History," n.d.), winning nearly 200 Emmy awards. Sesame Street also received a lifetime achievement award. The series has continually proven the academic success and developmental advantages children have by watching Sesame Street both locally and abroad.

It does not appear that Sesame Street has seen any diminished success from the Digital TV Transition; “I think there was this fear that the digital platforms would cannibalize broadcast,” Carol-Lynn Parente says. She continues, “What we’ve found is more is more. The more they watch the YouTube, they get excited and engaged in your content and your characters and they seek it out wherever they are” (Luckerson, 2015).

According to *Time*, as of 2013, 6.2 million people watch an airing of Sesame Street every week and they have gone up in ranking in the ages 2-5 demographic for children’s shows (Luckerson, 2015). Sesame Street has had over a billion YouTube hits and currently has one million followers on Twitter (Luckerson, 2015).

Sesame Street has improved lives and given people something that they feel is worthwhile. Children also consume more media now than ever (“Daily Media Use,” 2010), making the quality of children’s programming that much more important. Sesame Street characters have been a symbol for knowledge and freedom and have helped PBS and its member stations in their missions. Sesame Street’s characters have been a symbol on a world level, not only for educating and inspiring, but also for fighting for themselves in the political realm. As mentioned earlier, during the 2012 election, Mitt Romney pledged to stop funding PBS [via CPB]. He said he loved Big Bird, but could live without him – that he’s not worth borrowing money on (Poniewozik, 2012). Thousands of jobs would be lost if such a thing were to happen, a major step backward considering the unemployment rate is so much lower than it was during the 2012 election (Hines, 2012). According to Twitter, “shortly after Romney’s remarks, users were posting 17,000 tweets per

minute mentioning Big Bird” and other Sesame Street characters (“Big Bird in the Presidential Debate,” 2012). Sesame Street is clearly very valuable, and although it, like PBS, have been threatened to be completely cut from financial aid, and suffered federal cutbacks, Sesame Workshop has adapted well during differing economic environments and amidst various cultural technological changes.

When We Want It, How We Want It, Where We Want It: Population Trends, New Technology, and Generational shifts

*If Jesus were here today, he wouldn't be riding around on a donkey –Joel Osteen
(Webb, 2014).*

Today's consumer has more choices. There are more people in the world today than ever before and so there is continually more competition, thus there is more innovation. There are more people to conceive of ideas, share resources, and find efficiency faster. In this always-diversifying gene pool there are more who can be creative—there are more circumstances to consider on a daily basis—there are more experiences, memories, sources of inspiration, and documentation available on devices most everyone has available in their pockets.

This section will focus primarily on Generation Y, also known as the millennial generation (b. 1981-2001), as it is the group that is most influencing changes for a variety of reasons. One reason for the influence is that Generation Y is focused on change and new ways of doing things (i.e. conducting business and sourcing information), in large part because of new technologies that are influencing the way people live their lives. Generation Y are early adopters of new technologies compared to elder generations (“The Millennial Generation,” 2012). Generation Y will

also help shape the next generation (as has been the case throughout history). The sheer size of this generation alone—there are about 77 million millennials (approximately the same amount of baby-boomers, but they are a more diverse generation demographically speaking) (Terlep, 2011)—is another reason that their influence is so high (strength in numbers).

People

It's about a new generation. This idea that there's no soul with the new generation—it's not true. It's just the soul has morphed. It's become something else. It's a new idea. It's a new vision. It's about kids that are raised on videogames and raised on YouTube clips and raised—television babies...so the step from watching and viewing to doing is sometimes very small.

(H. Korine, 2012)

According to the United States Census Bureau, as of July 1, 2016, there were 323,127,513 people living in the United States (“Population Estimates, 2016): approximately 80% white, 5% Asian, and 13% black. These figures included those of Hispanic and Spanish decent and in a separate study it was found that those of Spanish decent—they are the fastest growing immigrant group (“The Rise of Asian Americans,” 2012)—make up approximately 15% of the total population (“United States Demographic Profile,” 2016 & “CIA World Factbook,” 2013) and 22% of all people under the age of 18 in the U.S. are Hispanic—up 13% in the past 32 years (Piccorossi, 2010). A study published in 2012 found that for the first time in U.S. history, minority births accounted for more than half of all births from July 2010-2011 (Dougherty and Jordan, 2012). In response to the study, William H. Frey,

a demographer at Brookings Institution said, "We're moving from a largely white and black population to one which is much more diverse and is a big contrast from what most baby boomers grew up with" (Dougherty and Jordan, 2012). The same study found that non-Hispanic white births are nearly on par with the same demographic death rate, whereas minority births significantly outnumber the death rate ratio (Dougherty and Jordan, 2012). While this may scare some—"A college degree has become the most important building block of success in today's economy, but blacks and Latinos lag far behind whites in getting one" (Tavernise, 2012)—"A new report from the United States Education Department's National Center for Education Statistics indicates that minority students are increasingly attending some form of higher education (Doctoroff, 2011). Sesame Street includes Spanish language in its programming with the idea that English and Spanish speaking children will be better able to communicate with one another (Faqs, n.d.), and has been used all over the world to help children and adults speak new languages. The *Japan Times* reports that Sesame Street has always been used for young Japanese students to learn English, but recently, the public television station NHK created a program directly aimed to teach children English, called "Sesame Eigo World" (Gordenker, 2001). Similar productions have been created both domestically and all around the world to help kids learn English. *Plazo Sésamo*, for example, is broadcast in Los Angeles as there are so many Spanish-speaking households (Cobo-Hanlon, 1996). Record numbers of adults are completing both high school and college (Fry and Parker, 2012); however, the once substantially large gap between level of education between youth and their parents is narrowing

(Wessel and Banchero, 2012). In other words, today's youth seems to not be seeking as much higher-level education as their parents did compared to their grandparents. It's hard to say whether level of education will have an effect on how intelligent people are, as the term *intelligence* is so arbitrary, and especially considering the large number of new resources, like the Internet, that allow people to have an infinite amount of information at their fingertips. The general consensus is that millennials are just learning new skills, so it's unfair to compare intelligence. In other words, it's *different* intelligence (Tavernise, 2012). When measuring intelligence in the conventional way (IQ Test), Neuroscientist Dr. Mike Merzenich says, "Over the past 20 years or so, beginning before the Internet really took hold, the standard measure of "intelligence" (cognitive ability) has risen significantly (well more than 10 points)" (Tavernise, 2012).

Has knowing become obsolete? According to Sugata Mitra, 2013 TED Prize Winner, it has (Brustein, 2013). We are now able to find and absorb information so fast that education is less important. Sources of information are at our fingertips. The reptilian part of our brain—when it feels threatened—shuts down the pre-frontal cortex, which is the part of the brain that contributes to learning (Brustein, 2013). So, encouragement is important, and not to say that school is not [important], but there are more efficient ways to learn knowing this information. "Punishment and examinations are seen as threats," (Brustein, 2013), so it is more difficult for learning to happen, as well as to perform when it matters (i.e. test taking) when under such pressure. Looking up and absorbing information at the time when it is usable is now possible and Mitra has shown in his various experiments, including

“the hole in the wall” experiment he did nearly a decade ago, that learning with computers is highly efficient. He found that “if you left them [kids] alone, working in groups, they could learn almost anything once they’ve gotten used to the fact that you can research on the Internet.

The most recent economic recession from 2007-2009 has left the state of the nation in ‘recovery’—as a result, consumer habits have changed, as the job market has been less steady in recent years. Lawrence Katz, an economics professor at Harvard said about the recovery, “The top end took a whack in the recession, but they’ve gotten back on their feet. Everyone else is still down for the count” (Heimlich, 2010). In other words, the rich are getting richer, and the poor are getting poorer. “Median household income after inflation fell to \$50,054, a level that was eight percent lower than in 2007,” (Heimlich, 2010) and this means there are more people with less money to spend and so habits are changing. Many millennials, even highly educated ones, are finding it hard to find work (Brownstein, 2015). That said, millennials are finding a way—“Millennial lifestyles and spending habits do not reflect their financial realities” (Faw, 2012). Majority of millennials are in some financial trouble, whether it be unemployment or student loan debt, but are still spending more than their parents on technological gadgets, entertainment, and items they consider “luxury” (Faw, 2012). This is also because millennials have different priorities than other generations, specifically their elder generations (Faw, 2012). One example is in what they aspire to have. Car sales have been declining in the past several years (Brustein, 2013); after COO of Zipcar, Mark Norman conducted a study on Millennials, he said “And this generation said, ‘We don’t care

about owning a car.’ Cars used to be what people aspired to own. Now it’s the smartphone” (Thompson and Weismann, 2012). How does generation Y feel about charitable contributions?

Millennials are less religious than their parents. 72 percent describe themselves as more spiritual than they are religious; also, Millennials are twice as likely to be unaffiliated with a specific denomination than were baby boomers in the 1970s and 1-1/2 times more likely than were members of Generation X in the 1990s – when both of those cohorts were the age that millennials are today (Winograd, 2011). This does not mean, however, that millennials are unwilling to give to charitable organizations. The same skepticism that millennials seem to have for religious affiliations, though, seems present when deciding whether or not to give to an organization. The majority of millennials gave to a nonprofit last year (93%); however, their non-profit giving methods varied. The way they went about giving (largely by use of technology like mobile or email) differed from their parents’ generation, who employed what are considered more traditional methods, i.e. phone and ‘snail-mail’. Millennials are totally willing to give, but they want to see positive change as a result of their gift (Campbell, 2016), and they need to do their research, communicate with friends and family about the organization, and they want to be apart of and involved with the organization (Goldberg, 2013)—they want to contribute more than money (Elko, n.d.). Research from The Journal of Personality and Social Psychology says that millennials care more about “money and image than values such as self-acceptance and being part of a community” (Goldberg, 2013).

One takeaway is clear: millennials are the largest percent of the audience and they use technology in practically everything they do.

Consumers are obviously very reliant on their mobile devices today, whether it be for educational purposes, entertainment, or communication. The sheer amount of people now with smart mobile devices is alarming, and so it is changing the way content distributors and marketers reach audiences. Average viewers watched at least 4.3 hours worth of video for the month of June 2010 (Hazelly, 2011) (a typically slow month for broadcast networks) and as of February 2013, it was released that millennials spend an average of **7.2 hours per day** consuming media content, with more of that time spent on mobile devices than any other platform (DN, 2013) and that 144.1 million viewers watched 14.6 billion videos on YouTube.com (101.2 videos per viewer) in May 2010 (Hazelly, 2011). It is projected that approximately 66% of the world's mobile data traffic will be video by 2014 (Hazelly, 2011). 54% of millennial mobile web users now use mobile as either their primary or exclusive means of going online (DN, 2013). So, all these generational changes considered—that priorities have changed, feelings on higher level education have changed, financial situations have changed, and the way people use their money has changed—while also pondering the demographic shifts taking place, what will the future be like for nonprofits, who rely on individual people in large part, to fund the initiatives designed to better serve their communities? Will Public Media, for example, be able to be as reliant on memberships and donations to keep them afloat? One thing is for sure—technology and all else considered, generation Y is much different than X, but especially the baby-boomers, so we can

expect more major shifts as new generations emerge. Thus, it is difficult to sustain oneself with any specific formula of operations when he/she/they are reliant on people's perceptions of value for funding. One must always be open to and adaptable to change in order to at least stay stagnant.

PBS Sustainability

"To improve is to change; to be perfect is to change often" (W. Churchill, n.d.).

Downton Abbey has been ranked as the networks number one drama of all time, drawing huge audiences (Baron, 2015). The show's success has helped member stations draw larger audiences (Baron, 2015) that may want to contribute to their stations continued broadcasting of quality content. WNET President and CEO, Neal Shapiro, though, said [in a letter] the following (which was published in the New York Post) in response to many published articles arguing that PBS's success with *Downton Abbey* should surely give them more breathing room to start shying away from federal funding:

To imply that if PBS aired more successful programs like "Downton Abbey" we would not need federal funds misses the mark...No one could have predicted the runaway success of "Downton Abbey," but these successes are rare in public and commercial television. The difference is that commercial television has so much more money that it can create miss after miss until it finds a "hit" (Levenberg, 2013)

PBS's being dynamic and a brand that encompasses many member stations, definitely helps diversify their audience and appeal to local consumer needs,

but it also makes the issue of federal funding extremely complex. This is because each station is affected differently facing the prospect of diminished federal appropriations.

PBS is obviously fulfilling an essential role in today's media, given that PBS is so trusted and worthy of investment according to Americans. Yet one could say its mission is greater now: stations and the PBS system must now sustain themselves in order to serve their founding mission and reason for operating. In order to sustain themselves [PBS member stations], they must continually adapt to consumer interests (including communicating with them), utilize new technologies, develop and/or find more quality programming, and find new revenue sources. ("PBS Editorial Standards and Practices," n.d.)

Threats

PBS member stations face threats from many angles, all of which are essential to their survival—Competition from other networks, funding sources, technologies being utilized to engage with audiences, and audience trends (i.e. lapsing)—are all essential components to consider when discussing the future of PBS and its member stations.

Another threat PBS faces is cutbacks to federal funding. CPB funding would most likely have been slashed had Mitt Romney been elected, and we are in a new election season, where the agenda of the next President is unknown. PBS has also just lost the initial airing of new episodes of its longest running series, Sesame Street, which has been the largest symbol for CPB and PBS during any opposing

views from politicians on the worthwhileness of the popular children's programming.

Romney's proposed agenda was not the first action taken to abolish federal funding for public broadcast media nor was it the last. Perhaps the most notable attempt came from Newt Gingrich. This happened in 1995 during one of his first addresses as speaker of the house when he suggested eliminating funds to CPB (Khan, 2011). His argument stayed in the limelight for several years and has helped pave the path for other proposals with the same aim. Even President Obama in November 2014 proposed cutting funding to CPB, noting it would save the government roughly \$500 million in 2015 (Khan, 2011), despite his wife and first lady, Michelle Obama, stating in 2010, "We all know good and well that cutting Sesame Street is no way to balance a budget" (Lee, 2012), and the notorious debate between he and Romney where Romney attacked PBS. So, while the idea of abolishing federal funding primarily comes from Republicans (many citing that they believe public broadcasting has a more liberal agenda), Democrats have also displayed some willingness to abolish federal funding for budgetary purposes. Considering the fact that Big Bird and Sesame Street have been the main face in the media to those proposing to abolish federal funding, it is now easier for budget-cutters to argue that cutting federal funding to public media is a good step toward reducing the budget and starting to whittle away at the enormous debt that America owes.

It is easier to argue of course because Sesame Street and Big Bird found a new address, a way to sustain without federal funding. It is easier to argue that

those things that are so important to the American public find a way, like life always find a way. Articles started appearing as soon as the HBO and Sesame Street deal was announced, with headlines suggesting Romney was right in his agenda to cut federal funding. During the presidential race between GOP candidate Donald Trump and Democratic candidate Hillary Clinton, the topic of PBS and cutting federal funding for public broadcasting never came up. Now, though, as mentioned earlier, the Trump Team is considering the privatization of CPB (Sefton, 2017).

Competition

PBS is no stranger to competition. There was broadcast television before member stations existed and they've had to deal with competition from hundreds of other channels providing niche program ever since the evolution of cable and cable networks. Still, like all new technologies, it is nearly impossible to predict how consumers' habits will change or be affected and equally as hard to predict the next new 'fad' whether it is technological or not. Still, "To thrive, or just even survive, you must always monitor the threats and opportunities" posed by emerging technologies, entities, and consumer trends ("Business Research and Competitor Analysis," n.d.).

New online platforms for viewing television content have emerged in the last several years. Netflix has arguably been the most successful in subscriber-type media websites; however, Hulu and even traditional pay-tv networks, like HBO, have created online destinations as a more ancillary service for their subscribers. As more consumer-friendly interfaces are developed, traditional TV broadcasters face new competitions from seemingly different industries, and as such, have to delve

into those industries themselves in order to keep a strong-enough ‘slice of the market pie’, and thus remain relevant and sustainable.

Funding

A decade later, the challenge facing independent producers has only gotten worse. Federal money has dropped from nearly 30 percent of the PBS budget in the early 1970s to less than 15 percent today (1997). Meanwhile, corporate sponsorship has risen from about five percent to 20 percent. The deep cuts in federal funding have forced public TV into even greater dependence on corporate underwriters (Gadomski and Kjaer, 1997).

Obviously, federal funding is no new issue; in fact, it is probably more topical today, given the numerous distinctions PBS has enjoyed in recent years, as voted by citizens (not sure what “as voted by citizens “means)and the threats of slashing funding altogether in the most recent presidential election:

Ending federal funding for public broadcasting would severely diminish, if not destroy, public broadcasting service in the United States (Jensen, 2013).

Western Reserve Public Media says, “For most stations, loss of the federal appropriation would be catastrophic and public broadcasting as we know it would cease to exist.” The Q and A continues to say that without Public Television’s federal appropriations, many stations, especially those in more rural areas, “would not otherwise be able to access what public television stations provide” and would be forced to find alternative sources of programming or funding (“Federal Funding for Public Broadcasting,” n.d.). Still, others would not be able to take the blow, and would likely go out of business (McCracken, 2012). Funding for public television is

obviously under major threat, as is evident by Romney's statements during the 2012 presidential race between he and President Barack Obama, and the fact that had Romney won and stuck to his word, local NPR and PBS stations would have absolutely no federal funding in 2015 (Stearns, July 18). Although it was not an issue of debate during the election between Senator Hillary Clinton and now President Donald Trump, it was confirmed the day before his inauguration that Donald Trump is looking to privatize public broadcasting (Ingram, 2017). Additionally, although Chris Christie does not have a formal role in the administration, he likely still has Trump's ear, and is a strong proponent for abolishing federal funding. President Trump may look to Chris Christie for such proposals. Trump himself has said that he sees Christie as having a major in his White House ("Chris Christie on the Issues," n.d.). This is another consideration television stations have to take into account when considering whether to auction off spectrum, because the ground they walk on is fragile, and finding money for their programming and facilities and mission is increasingly difficult and on unpredictable grounds.

Aside from the fact that PBS member stations face threats from being "cut off" from federal appropriations, PBS must also worry about its other revenue sources that keep stations operating, as "revenues from member stations are flat for a third straight year, and scant other income opportunities lie ahead" (Stefton, 2011). This proved to be true, but public broadcasters have been quick to find those opportunities. In 2015, in anticipation of the 2016 election, "NPR and PBS announced several joint projects, including a collaboration on coverage of the campaign and three digital initiatives" and in the final quarter of 2015, Pew

Research gathered that, “for both NPR and PBS NewsHour, mobile traffic to their websites outpaced desktop traffic” (Holcomb, Matsa, & Vogt, 2016). This is a significant sign that public broadcasters investing in mobile is a proven method that they would be moving in a direction that reaches their audience.

The income gap is widening, and the only people who seem to not be taking a huge hit are the affluent and extremely poor (Leggett, 2017). The majority of Americans and PBS’s viewers fall into the middle-income range (Breslow and Wexler, 2013) meaning that most people have less disposable income and less money that they can designate to charitable organizations, as well as less money for luxuries. While it was argued earlier in the chapter that millennials continue to spend money on media luxuries, trends change, and PBS must think about sustainability over the long haul, not satisfying immediate, trending consumer buying choices. Perhaps PBS member stations need to focus their attention to programming and developing programming according to consumer choices. This has certainly been a methodology for HBO and other digital content producers, such as Netflix. We have seen that these media giants are investing heavily in original programming. At the very least, quality programming can stick around to be enjoyed by numerous generations. However, public broadcasters must be careful when creating programs so as not to deter their current audience:

The absence of innovative controversial programs on PBS means that its programming schedules have come to resemble that of cable television more and more. That, in turn, has raised the question: with PBS's watered-down content, should anyone care if PBS lives or dies (Gadomski and Kjaer, 1997)?

If they continue on the route they're on now, little by little their support, both among the public and among policy-makers and in Congress will evaporate. It may not go away overnight. ... But I think it will evaporate and they will ultimately die a slow and maybe painless death. Maybe no one will notice five years down the line that they're not around anymore" (Gadomski and Kjaer, 1997).

Due to the economic downturn stations are also finding that their traditional support from foundations and corporations are often less than in previous years. Companies may have less discretionary income for marketing and/or charitable contributions and foundations may see less growth in their own portfolios.

Technology

New technologies are continually becoming available to stations in order to better reach audiences and monetize content. The digital TV transition, while an extremely expensive investment for individual stations, led to digital TV transmissions from the stations allowing audiences to receive clearer pictures. The bandwidth allotted also allows stations to broadcast more than one feed, known as multicasting, where they can essentially have two or more channels (as long as they are not taking up more than their allotted 6 megahertz spectrum). Additionally, valuable spectrum bandwidth has been auctioned off as of recently, and mobile companies are, in large part, purchasing the spectrum, presumably for video purposes. The Internet, Ipads (and other tablets) are being used more frequently, and children of all ages are using these technologies—70 percent of tablet-owning households with children report that their children use the tablet (“Nielsen,” 2012).

In January 2013, “more than 153 million videos were streamed on the PBS KIDS Video for iPhone/iPad app” (“[PBS] Overview,” 2016).

One recent study does show that consumers seem to prefer watching television when at home. Even with mobile devices, consumers are using them to view video content while at home more often (63%) then on the go (M.W., 2012). Additionally, 92% of those viewing video on their phones are sharing the video or content related to it (M.W., 2012).

Spectrum Auction

As part of the National Broadband Plan, the FCC started auctioning off valuable broadband spectrum in 2016 that television broadcasters in every market in the country have the option of putting into the market. The rationale behind this is that consumers habits for media consumption are quickly evolving and there are more connected devices than ever that require the high channel broadband spectrum that television broadcasters use: “Today, there are more connected devices than there are people living in the U.S., and about 70 percent of Americans use data-hungry smartphones” (“Broadcast Incentive Auction,” 2016). Broadcast stations have a couple options facing these initial rounds of spectrum auction.

Stations can:

1. Opt out of the auction and decide not to enter the market to potentially sell off their spectrum space
2. Sell off some of their spectrum allotment and operate either at a lower frequency or compressed signal where they may not be able to broadcast as much variety

3. Sell all of their spectrum or enough spectrum for them to shut down and not be able to operate as a station.

There are many factors involved such as if stations sell off spectrum and opt not to broadcast over the air, they forego the must-carry rights in place by the FCC that would require cable networks to carry their station, etc. ("Broadcast Incentive Auction," 2016). For many stations struggling to bring in enough money for their programming to stay relevant, the prospect of selling valuable broadband spectrum space (or rather foregoing their ability to use it) could provide a major boost for them. Alternatively, many markets may miss out by losing their public television stations.

Although there are more connected devices than ever before, and more phone plans issuing large amounts of data to keep up with the consumer demand of having content at home and on the go, the audience seems more illusive than ever before.

Audience

PBS member stations also face threats from their audience due to all of the aforementioned. Technology, programming, and funding put parameters on what a station can do, and the risk of losing their audience when they continually have to focus their efforts on emerging hurdles is very real. Additionally, the income changes, psychological factors and trends possessed by various generations (including lapsing by older members), as well as the still unforeseen innovations, make appealing to audiences an always-difficult challenge that is essential for sustainability in the media industry. Millennials, too, are the most diverse

generation in U.S. history (“Millenials Study Captures Snapshot,” n.d.), so we can expect audience trends and consumer habits to continually become more diverse.

Individual members are the biggest sources of funding for most member stations; connecting with them, and retaining their interest is essential. Even for those that are totally reliant on member funding, mainly those with state funding, still need to connect to their audience. WHYY Philadelphia, for example, relies on membership for over 50% of their revenues (“WHYY,” 2016). Only about 25% of new pledges to public television will renew a year from now (Everhart, 2004); lapsing is common for a variety of reasons, but understanding why audiences pledge and why they lapse is important information for PBS member stations when enacting new initiatives and planning for the future.

Pledging

Christopher Dann: *“The trend of lapsed members is accelerating, and it’s a phenomenon that you have to step back away from to see that it really is a major trend”* (Everhart, 2004).

For member stations, pledging is essential. Though Dann’s statement regarding accelerating rates of lapsed members was a decade ago, to this day, PBS member stations are still experimenting with how to retain and recapture donors in the digital era. According to New York’s PBS member station, WNET’s chief digital officer Daniel Greenberg, “The new member is going to be much happier getting a video archive directly on a computer than a tote bag or DVD. That’s just the reality” (Goldsmith, 2017). This insight comes after the rollout of a new digital initiative for attracting pledges, called PBS Passport (Goldsmith, 2017). “Membership was

declining for so long,” said Greenberg and now PBS Passport is showing promising results: “Since its launch in December 2015, Passport has attracted about 600,000 registered users, and 75,000 of these are first-time members. Another 25,000 are lapsed members who were enticed to renew by Passport or current members who increased their donations to the \$60 annual minimum that most stations require for Passport eligibility” (Goldsmith, 2017). Members are the largest single source of revenues for a station, and pledge drives often spark a lot of giving (Brinkmoeller, 2015). Additionally, member contributions show that a station has value, since people typically contribute to things that they believe has value. What are some reasons people give? “In a study by the Center on Philanthropy at Indiana University, “Understanding Donors’ Motivations,” the five most frequently occurring motivations for philanthropy were listed,” with the last item, item number 5, being the most important according to Larry Johnson, author of “The Eight Principles of Sustainable Fundraising” (“The Not Profit Times,” 2012).

1. To meet critical, basic needs;
2. To give back to society by making the community a better place;
3. A belief that those with more should help those with less;
4. To bring about a desired impact or result; and,
5. A request for money was made.

One of Public Television’s biggest audience draws is children’s programming. In the past, there have been several trials of pledging during the daytime children’s block, but there is a general feeling of reluctance to do this – small returns being

cited as one of the reasons it's not worth it (Holcomb, Matsa, & Vogt, 2016).

However, growing financial trouble has prompted some member stations to again start testing pledging during children's programming.

In public TV's earliest days, the children's service was a core fundraising draw. Hudson Stoddard, former development executive for WNET, recalled persuading wealthy New Yorkers in the late 1960s to donate \$265 for each of the 100 color TV sets placed in home daycare centers to build an audience for the brand-new *Sesame Street*. 'Donors were seemingly sympathetic to our mission,' he said in an interview taped to mark WNET's 50th anniversary ("Public TV Tests New Approaches," 2012).

Much of the reluctance to pledge around children's programming stems from the early 1990s when pledging around children's shows was extremely popular and effective.

With the huge popularity of *Barney & Friends* in the early 1990s, pledging around children's shows became very popular — so popular that child advocates complained about stations pushing plush dolls to children in exchange for parents' pledges. "We had some actors who were using practices that really may have been too commercial, and we were being criticized by watchdog groups, so we got very pure," said Tom Axtell, general manager of Vegas PBS (KLVX). But without incentives of plush, cuddly premium gifts, pledge income from kids' shows dropped sharply.

Clearly pledging around children's shows works, but it became sort of taboo. Tom Axtell, quoted above, due to the financial crisis, has started experimenting with

pledging around children's programming again, and now his pledge program, *Do Your Part*, in its sixth year, has been extremely successful. In 2012, Axtell noted that previously children's shows contributed no pledge revenue, but two years into his new pledge initiative, nine percent of his station's on-air fundraising came from pledges around children's programming (Jensen, 2012). Vegas PBS has been an example of a station that really weathered the recession well, diversifying their business and growing their resources.

New Initiatives

"Better three hours too soon than a minute too late" (Shakespeare & Wright, 1893).
"Old financing models no longer work; a new model must emerge if public television is to survive" –John Schwartz, president of EBS Cos. (Sieroty, 2011)

For Paula Kerger, the future of PBS is all about her three C's:

1. Content,
2. Community Engagement, and
3. Connections

Perhaps the biggest current initiative is Public Broadcasting's call to action via the "Protect My Public Media," which is the revamped campaigning umbrella that was formerly called "170 Million Americans for Public Broadcasting." It is a website and kind of forum where supporters can get informed and communicate to Congress their stance on Public Broadcasting. Not only has CEO and President of PBS, Paula Kerger—as well as numerous other notable PBS professionals and advocates—spoken out about the 'soft grounds' that member stations must walk, but the 2012 presidential election helped garner some steam

that called for more voices and helped launch what is now the ‘Protect My Public Media Organization’—a website initiative to spread awareness and feature noteworthy information about Public Television as well as provide a platform to let voices be heard. The original domain name came about because 170 million Americans watch Public Television monthly (“170 Million Americans,” n.d.).

The organization’s website reads,

Congress is considering their annual spending bills. If you value the shows you hear and watch on your public radio and television stations, e-mail your lawmakers and tell them to include public media funding in their spending bills. Without federal funding, your local stations may be forced to go off air or cut the programs that educate, inform and inspire you every day. Please e-mail your lawmakers to protect public media today.

Member stations have also begun partnering with other stations to appeal to audiences. In addition to stations working together in the same market (called duopoly markets), stations in other major market areas have begun working together. One initiative is called the Major Market Group (MMG) collaborative. Stations in large markets, like WNET New York, work with other markets to share programming that they release on the air or on their websites. This allows for local arts and culture programming in, for instance, Boston, to be seen in New York and other areas by accessing the local stations website (“Public Broadcasting Organizations,” n.d.). Another initiative that involves sharing resources is called the National American Graduate Initiative.

All of these new initiatives are utilizing the innovations of digital media to create new platforms. In September 2012, Americans watched more than 150 million videos across all of PBS' web and mobile platforms ("[PBS] Overview," 2016).

It is projected that Smart TV sets will be in majority of US homes in five years, but their lifespan is too long – they will continually become obsolete as more efficient, cheaper technologies, like mobile, will continually be able to do more than Smart TV's. In other words, Smart TV's won't be so smart a year after you buy them because there will be 'smarter' technologies available. Smaller devices like mobile will dominate as they can be used in conjunction with smart TV's, but since they are more regularly replaced, they will continually be the most advanced technology in a person's life ("Advanced Television," 2012). A Magid/TubeMogul Study in 2016 found that majority of U.S. Households have connected televisions, more than doubling since 2013 (Hayes, 2016).

"PBS is trying to be more like HBO" (Chozick, 2012) in that it is trying to create and broadcast more premium programming for today's audience. Member stations are trying to tent pole audiences by building more themed schedules where viewers are likely to stay with PBS all night long after seeing a show they like—by using information already known about audiences, such as, that audiences seem to like HBO's *Boardwalk Empire*, PBS can build shows that are relatable, such as Ken Burns' "Prohibition" documentary miniseries (Chozick, 2012). Additionally, member stations have experienced unusually high ratings with *Downton Abbey* and have explored other avenues to monetize the value of such shows.

Pledging is another area that PBS has been and needs to continue forming new ideas for. PBS has been exploring ways to link app downloads to easy-to-access online donations for the past couple years. Paula Kerger said recently about the initiative, “I want to be very careful that we don’t become commercially driven in the online space” (Chozick, 2012). Pledging is difficult—asking for money is never easy, but PBS member stations and PBS more generally has to be even more careful. A 2012 report from Pingdom, a service specializing in Internet traffic, revealed that there are 634 Million websites in the World Wide Web and 181.7 million unique viewers of online video monthly (“Internet 2012 in Numbers,” n.d.); commercial networks—traditionally PBS’s competition—take up a large share of that video, having had the means to get there early(ier) (Castaneda, 2008). Hoovers identifies Current Media, Scripps, and Discovery Communications as PBS member stations main competition (“Hoovers Company Profile,” n.d.). Scripps and Discovery Communications have stock prices that have increased at least 30% in the past three years (Current Media does not disclose their financials publically).

HBO and Sesame Workshop deal

On August 13, 2015, it was announced that HBO had struck a deal with Sesame Street. Starting fall 2015, HBO has exclusive rights to new episodes of Sesame Street for nine months (when PBS will be able to show them as well) (Flint, 2015). This move will allow HBO to better compete with new media platforms like Netflix and Hulu in younger age demographic groups. This new deal also allows Sesame Street to produce nearly double the number of shows (Flint, 2015) – although they will now be 30 minutes in length—as opposed to 60 minutes. The

German version of Sesame Street has been producing 30-minute segments for the last several decades, and many believe it's a much more manageable format for youngsters (Folkenflik, n.d.). In an NPR interview with media correspondent David Folkenflik, Scott Simon asked Folkenflik about the change in length of the show. Folkenflik commented that over the past year, according to PBS and Sesame Street, they "found heavier usage with a shorter show" when testing the 60-minute versus 30-minute lengths (Folkenflik, 2015). Additionally, Wistia video analytics found that "shorter videos are more engaging than longer videos" and more people are willing to watch a shorter video than a longer video (Ruedlinger, 2012). Folkenflik, too, commented in his NPR interview that kids are watching shorter and shorter videos due to on demand services that are changing viewing habits. Jeffrey D. Dunn, chief executive of Sesame Workshops says, "about two-thirds of children now first discover 'Sesame Street' on demand (Steel, 2015). So the nine-month delay may not negatively affect PBS too much. If children discover the programming On Demand more and more, television may become the 'ancillary service' that is considered a bonus feature, that is not completely necessary to keep children coming to the programming.

Co-creator of Sesame Street, Joan Ganz Cooney stated, "In order to fund our nonprofit mission with a sustainable business model, Sesame Workshop must recognize these changes and adapt to the times" (Steel, 2015). "It's a lot harder to defend against their [those who want to cut funding to CPB] attacks if you say, well, the exact same content is available, although you do have to pay for it privately, through the premium-cable channel HBO" (Folkenflik, 2015).

HBO's re-formatted Sesame Street takes much research into account. HBO showcases the main characters more and changed the show to be thirty minutes in length. The fact that PBS is still able to air episodes, even with the lag time, also helps their business model. The more people that are exposed to Sesame Street, the more people will find value and justification, in switching to HBO, especially because their mobile applications and ancillary services are more developed than PBS's.

CHAPTER THREE: METHODOLOGIES

Know the rules well, so you can break them effectively -Dalai Lama XIV (Clark, 2012).

Sesame Street has always been a gold mine for public broadcasting. It is an incredibly reputable program that has had proven success educating both children and adults alike and serving millions of people all over the world. Sesame Street has been adapted for other cultures, influenced various fields of study and scientific research, and has aided not only Public Broadcast Stations, but also citizens and politicians to protect public media for future generations. Sesame Street and PBS have both survived through various changes in television and audiences and have proved their validity. However, no market is stable forever – there are always shifts and changes.

Home Box Office Inc. (HBO) was founded in 1972 in New York and began programming films, events, and original series as a premium network (Gregerson, 2016). Conceptualized as the Green Channel, HBO—as we know it today—was incredibly successful from the get-go, building its subscriber base to 12 million by 1983 (Rossen, 2016). Today, Time Warner’s premium cable, between HBO and Cinemax, have approximately 50 million domestic subscribers, 81 million internationally, plus 800,000 extra subscribers on HBO Now, a relatively new service that replaced HBO Go. By contrast, Netflix – which was founded in 1997 – with a much cheaper business model, has about 70 million paid subscribers worldwide (Maglio, 2016). HBO had the first Emmy nomination of any cable network for a drama series, scared the studios into creating rivals like Showtime, and was the first cable network utilizing underground cables that were more

effective at delivery consistent picture than OTA signals to the New York City area since high-rise buildings made it difficult for satellites to have clear reception to the millions of TV sets (Rossen, 2016 and “HBO,” 2016).

HBO has been extremely successful with its traditional demographic target of females and males between 18-65 (Barrera, 2012). In 2015, HBO ‘cut their chord’ (or split it), offering a standalone service similar to Netflix and Hulu, but targeting approximately 10 million broadband-only consumers (Channick, 2014). HBO did this in large part recognizing that it’s ancillary service HBO GO was being used by subscriber offspring and other non-HBO cable and satellite subscribers (“National Broadband Plan,” 2015). Briefly mentioned earlier, subscriber offspring would be those that acquire a password from someone that they know that subscribes to the cable service. Also in 2015, the once unforeseeable deal between Sesame Street Workshop and HBO to partner up took place. Both of these events are a sign that HBO is looking to expand their demographic range and appeal to younger consumers.

The author focuses on the HBO and Sesame Street deal in this paper to highlight the change in media consumption and public media and how it will affect consumers. As noted in previous sections, we have seen public media on the federal funding chopping block on more than one occasion despite the public’s opinion that it is incredibly important that it stay as is. Because of continual cuts to federal funding and public broadcasting stations struggle to secure ample sources of alternative funding, PBS has struggled to air and distribute content the way it would like especially given the technological advances, increased competition, and inability

to focus its efforts solely on their mission statement, as they are forced to continually allocate their resources to infrastructure, game-planning, and securing alternative funding. More like treading water than staying on par, PBS can be said to be in a stagnant state just trying to stay afloat rather than having the means to take the necessary number of strokes a first-class player should require. Such is the trickle down effect of many different realities, including the economy and peoples psyches from poor economic times.

It is the author's purpose here to understand public broadcasting today. By examining how a never-seen-before deal involving a partnership deal between Sesame Street, the longest-running and arguably one of the most important shows of all time, and HBO, a premium-cable television giant, have executed a deal that disrupts how Sesame Street viewers consume its content and how both viewers and potential viewers feel about the change, and then comparing that data with the 2016 U.S. presidential election – an event in which the entire world was engaged – the author may be able to offer a fraction of insight into the current and future trends of public broadcasting – which in theory, should be a representation of the American people's trends.

The author's methodology for data collection is to use the deal between Sesame Street and HBO and apply many components of that deal into a questionnaire survey to be distributed to 100 people. The collection and analysis of that data will be used as a representation of all people in this country and assumed public media consumers. Given the author is using 100 people to conduct this

research, and the relatively small sample size given the population, the analyses presented carry a ten percent margin of error (“Sample Size Calculator,” 2013).

By using the data results from this questionnaire, the author can compare current data trends and consumer habits as it pertains to media and to make determinations about the state of public media and what that may mean for the future of public broadcasting, children’s programming, and even speculate as to shifting values in the country by drawing on the extensive literature review of public media values from the past to present.

See Appendix 2 for a breakdown of questions distributed to 100 participants

CHAPTER FOUR: RESULTS

“Our demands are simple, normal, and therefore they are difficult to satisfy”

(Stanislavsky, 2013).

HBO and Sesame Workshop announced on August 13, 2015 a new deal that would give HBO exclusive rights to Sesame Workshop’s programming for the first nine months of airtime before it would be offered to PBS and other platforms outside of the HBO spectrum thereafter (“Sesame Workshop,” n.d.). This deal came with a restructuring of Sesame Street’s programming to give it a “fresh” look along with the initial exclusive rights. HBO doubled the budget of the show and nearly cut the episode length in half. Additionally, with the influx of funds, HBO and Sesame Workshop have the ability to create new programming and spin-off programming, which the two have developed. PBS is also included in this deal, as Sesame Workshop and Street were loyal to PBS for well over forty years and will continue to air old episodes as well as the new episodes after the nine-month exclusive viewing on HBO platforms. Additionally, PBS no longer has to allocate federal funding to the Sesame Street initiative and Sesame Workshop no longer has to rely on funds from PBS or any other funds that for the past several years have hindered Sesame Workshops ability to produce the show, as it Sesame Street was operating at a loss.

Almost nine months into 2016, Sesame Workshop has posted more press releases than in 2015 and many new initiatives, including the launching of *Sesame Street Autism* (“Sesame Workshop,” 2016). The first nine months of 2016 also marked the period where the first-ever-exclusive run (of at least five season exclusive runs) will now be available on PBS. So we are currently in the infancy

stages of what is a major and significant cultural shift in the way that people take in and feel about media consumption. Traditionally a show that always aired on public broadcasting before, *Sesame Street* has made the move to a for-profit service that is privately funded without government help and has no mission to be journalistic or be available to all people, regardless of location and access to programming or income. HBO is a premium cable network that increases availability for the sole purpose of money and viewership, which is what scares those that love *Sesame Street* and public broadcasting – it is regarded as a human right to have equal access to education – and without that mission, so paves the way for other forms of media gentrification that displaces viewers and gives people unequal access and unequal rights. Paula Kerger’s feeling on the new partnership and Sesame Workshops relation to HBO: “Well, it is. As far as whether it’s a good thing or a bad thing, we will continue to see how it plays out” (Holloway, 2016).

But many for HBO argue that the three-way partnership is a great deal for all parties involved. Lloyd Morrisett, the founder of Sesame Workshop, said “They’re [PBS] unhappy to lose something that they thought they had” and “...they [PBS] couldn’t come up with the cash necessary to keep *Sesame Street* alive. So they’re upset about it, but they don’t have an alternative. It’s not like they were competing for *Sesame Street*. They were extremely upset about it during the time the deal was being made. But the problem was, they didn’t have a viable counteroffer.” Thus, Sesame Workshop couldn’t refuse the deal. In the same interview that Morrisett addresses the above dilemma and presumed feelings felt by PBS after deciding to pursue the deal with HBO, Morrisett, responded to the question, “Without this

partnership, or one like it, would *Sesame Street* be dead?” saying “In the long run, yes” (Goldstein, 2016).

While the author of this research paper does not have the tools, resources, and time available to measure the long term affects, including the successes or failures for HBO or PBS or Sesame Street relevant to their collective deal, the author can look at who is being targeted (kids and their parents (millenials)) by HBO for this deal, the trends of those targets, and the first responders who have engaged with HBO and Sesame Workshop’s new programming initiatives.

Millenials are notorious cord cutters, spend more than they have, are loyal to the brands they believe in, sensitive, and tech savvy all according to Pew Research studies (“Millenials: A Portrait of Generation Next,” 2010). So millenials, also known as Generation Y, can arguably be a TV company’s greatest friend or worst enemy considering their bold trends and the generation that is breeding the next generations. Millenials possess the power of influence more than any other age group. Thus Millenials are the biggest target of media giants, and for the purposes of this paper, HBO’s biggest target, as is evident by their original and paid for programming (i.e. Sesame Street).

Last Three Months of 2016

Stansilavsky’s quote at the chapter header, as well as Kerger’s quote at the end of the second paragraph, both hit a special chord when we ponder where we are as a country and people. Indeed, we will have to wait and see the long term affects of the HBO and Sesame Street deal. One thing is for sure, though, which is at the basis of this thesis study, as when analyzing a scenario such as this, one must be open to

understanding and examining the exterior influences that caused the partnership (in this case HBO and Sesame Street). People do evolve, and change, for better or worse we do not know (as that is subject to opinion), but we are moving in a certain direction. HBO and Sesame Street both respectively thought their deal was smart, and in calculating their decision, had to come to terms with the trends of media audiences, and by extension trends of American people. On November 8, 2016, Donald Trump claimed the most powerful job in the world, beating out his rival, Democratic nominee Hillary Clinton. Polls got it wrong and nearly everyone predicted the outcome incorrectly of the 2016 presidential election. But who we are as a country and the values of people tie right into public television. “Public media creates and distributes content that is for, by and about Americans of all diverse backgrounds; and services that foster dialogue between the American people and the stations that serve them (“About Public Media,” 2015).” The very fact that Sesame Street is no longer a sustainable media asset for public television greatly reflects how our values have changed and what we need to satisfy our needs. Needs and values shift and evolve just like people, cities, communities, technology, etc., and as people evolve alongside technology innovations, and all other innovations, our needs and values begin to evolve at a much more rapid pace. Donald Trump’s run for the presidency reflects at the very least, a preference of what people want and how they communicate, which is an important ingredient to values, as anything that is important to us must find a way of expressing itself and its needs and desires to fulfill that value. Ultimately, as the song goes, *que sera, sera (whatever will be, will be)*. There are infinite potential factors that create new trends, new ways of

thinking, new ways of consumption and preference. Media conglomerates, public television stations, and content creators must look to people in order to stay relevant with how to reach those very people. Jane Jacobs, the writer and urbanist who studied cities and fought master planners from ruining city streets (i.e. Lower Manhattan Expressway battle) used to describe cities as living, breathing organisms. In her 1958 essay “Downtown is For People” for *Fortune* Classic, she wrote, “There is no logic that can be superimposed on the city; people make it, and it is to them, not buildings, that we must fit our plans” (Jacobs, 1958). The same rings true for public television and all forms of media, and even every business.

When speaking of cities as living, breathing organisms, Jacobs also discussed the idea of organized complexity, which Dr. Stephen Read, who is in the Section of Spatial Planning and Strategy at the Department of Urbanism at, Delft University of Technology, speaks about in the Jane Jacobs centennial blog. An excerpt regarding the concept is below.

She [Jacobs] proposed that cities were best understood as ‘problems of organized complexity’ which meant “dealing simultaneously with a sizeable number of factors which are interrelated into an organic whole” (Jacobs 1961; 432). We most often think of complex systems as being defined by nonlinearity, fractal orders and feedback loops. Her own rather sketchy accounts of the concept emphasize processes and inductive reasoning, working from particulars to the general and from the small to the big (Jacobs 1961: 440). She spoke of a “web way of thinking” involving dynamic interrelationships and sudden changes, and “self-diversification” as a

“regenerative force” (Jacobs 1961: 290). But she also focused consistently on the concrete and situational ‘ballet’ (Seamon 2015: 143) of the street and the neighborhood.

(Read, 2016)

It would be wise for any television station, public or private, and anyone looking to sustain himself or herself to look to the street, and the neighborhoods, to see how the world is changing. Sesame Street had to find a new neighborhood. They were not displaced, but made the conscious choice to change their rhythm in an effort to achieve their greater mission.

How Sesame Street has Changed in it’s New Neighborhood

In the era of intense channel switching behavior, and kids growing up with phones in their hands, being media-savvy, and ready to switch programs as soon as they are not stimulated by the programming before them, Sesame Street went premium with HBO.

Elmo now has more screen time than ever before, even fulfilling duties of some of his past friends. There are also new camera movements, many more shots, and use of slow motion. Episodes are now only thirty minutes. There are fewer parodies in the new half hour show. Author Ethan Alter noted these changes to the Sesame Street format on his Tumblr. The fact that the author used a social media outlet for his research is evident by how we as a country take in media and reflect on it. Donald Trump, for example, is the first president to use his personal Twitter account while in office (his twitter reach has more than doubled since assuming presidency according to Hunter Schwartz for CNN, 2017), as he has repeatedly said

that his use of the account is what ultimately won him the presidency, for much cheaper than it otherwise would have cost him (Davis, 2016). But what Alter is pointing out in his findings above is that Sesame Street is much more concise and stimulating, which is what kids and adults are becoming used to and wanting in their media consumption. Appendix 3 shows Pew Research demographics in 2015.

In the chapter “Constructing the Cognitive Subject” in Carmen Luke’s book, *Constructing the Child Viewer*, there is reference to Werner I. Halpern’s 1975 critical study of Sesame Street, “Turned-on Toddlers,” in which Halpern suggested that ‘the fast-paced action of Sesame Street produced a “sensory” overload in children, which can lead to hyperactive behaviors”’ (Luke, 1990). It is difficult to understand what was in the mind of HBO’s strategists when taking on Sesame Street and changing the format. More quick cuts would imply more times the brain has to make associations, but perhaps they are dialing back characters and bringing the leads more to the forefront (i.e. Elmo) so that more characters aren’t overwhelming for kids. They have taken out a lot of the parody that used to appeal to adults (Alter, 2016), but this is most likely due to the fact that parents have a whole inventory of HBO shows to choose from.

The evidence for sensory overload becoming less “overload” and more “desire” in kids minds is evident by the numbers created in July 2016, by toy-unboxing videos by Ryan_ToysReview, which attracted an astonishing 585.3 million views on YouTube (Bloom, 2016). His core audience is children 3-7 years old – the audience that Sesame Street has always coveted. In watching the videos one can see that in the only five minute episode length, there are dozens of cuts per minute, use

of slow motion, fast forward and rewind technology, handheld zoom ins, constant angle switching, and a variety of other editing techniques to the simple video.

Sesame Street Resembles the Street Today

Minus the constant cell phones and the kind of lack of potential for sensory overload on the street today (as a majority of people are engaged in a digital device in some way or another) the world looks like a different place. It's an almost Robert Moses to Jane Jacobs idea of the city: "clean it up," Robert Moses would often say, not thinking that displacing people for shinier, taller buildings disrupted the entire city and changed its flow. Sesame Street has really cleaned it up, taking away much of the grit and grime that Sesame Street was really founded on. But as you move through New York City streets today, this is still happening. People are being displaced – project buildings are going up to make way for new luxury apartment and office spaces. Ma and Pa are being kicked to the curb from competitive larger chains with more money. Such is the way that society functions, but to be sustainable, especially today, one must be an outlier.

The street in Sesame Street went from a straight street to a curved street between its inaugural season and 1970, when director Bob Myrhum wanted to achieve a greater number of camera angles (Genung, 2014). This also paved new room for construction such as the famous tire swing or empty construction building that stood next to the newly built 123 Brownstone that the space could now accommodate.

By 1993 (*Sesame Street's* 25th season), Sesame Street went from looking like a gritty inner city street to a well-maintained little village street. Although it's

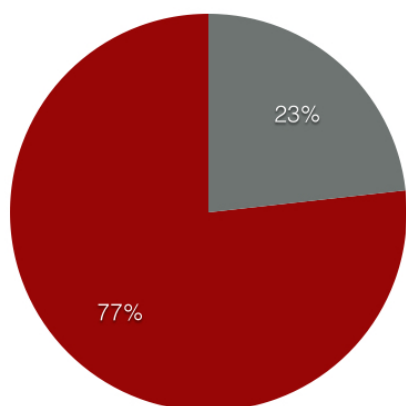
been widely accepted that the main reason behind the cleaning up of the street was due to the competition brought on by Barney, the New York Magazine article, *Sesame Street, Gentrified*, published by Jessica Grose in July 2013, seems to suggest that it was also a reflection of how conditions in New York City in general were improving, particularly during Rudy Giuliani's administration (Genung, 2014).

Survey Results

Below the author has provided an analysis of the results and summary of results data (*See Appendix B for research questions*). Analyses of the results are based on the information collected and data broken down.

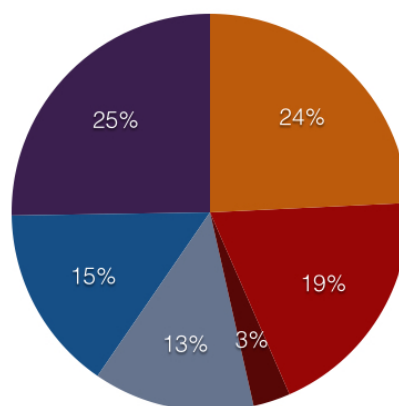
Table 1

Respondents' awareness of the Sesame Street HBO/PBS deal



● Aware ● Not aware

Respondents' feelings towards Sesame Street HBO/PBS deal



● Fine with it
 ● Think it was a smart move
 ● Happy that Sesame Street is on HBO
 ● Not fine with it
 ● Think it was a bad move
 ● No opinion on the matter

The results from the survey show that in general, people are not aware of the deal between HBO and Sesame Street (77 percent of people did not know about the aforementioned deal that was finalized in February of 2016, about one year prior to the respondent data) and that nearly half of all people (approximately 46 percent of respondents) are either fine with the deal, are happy about it and/or think the deal was a smart move, compared with 28% who responded that they are either not fine with the deal or think it was a bad move. About 26 percent of people don't have an opinion on the deal; this opinion was felt very similarly across all age groups besides those under 18, who did not participate in this survey and so no original data by the author has been collected (See Table 1 on the page previous).

Although 77 percent of survey respondents were not aware of the deal between HBO and Sesame Street, nearly half of all people 18 years of age and up are in favor of the deal upon becoming aware of it, and one quarter of all respondents felt neutral on the matter. Considering the legacy of public broadcasting, and its continual top slot of most trusted institutions and worthiness of federal tax dollars, why are those that public media represent less vocal and concerned about the Sesame Street network change? There are discrepancies here. Given threats to the privatization of public media, why aren't there campaigns for public awareness of the history of public broadcasting? Parker Higgins, who directs copyright activism at the Electronic Frontier Foundation, tweeted in August 2015, "I hate privatization of public goods and culture as much as anyone, but Sesame Street watchers seem pretty unaffected by delayed episodes" (Ingram, 2015). Why isn't HBO showcasing this data more and why aren't more deals taking place if so little backlash?

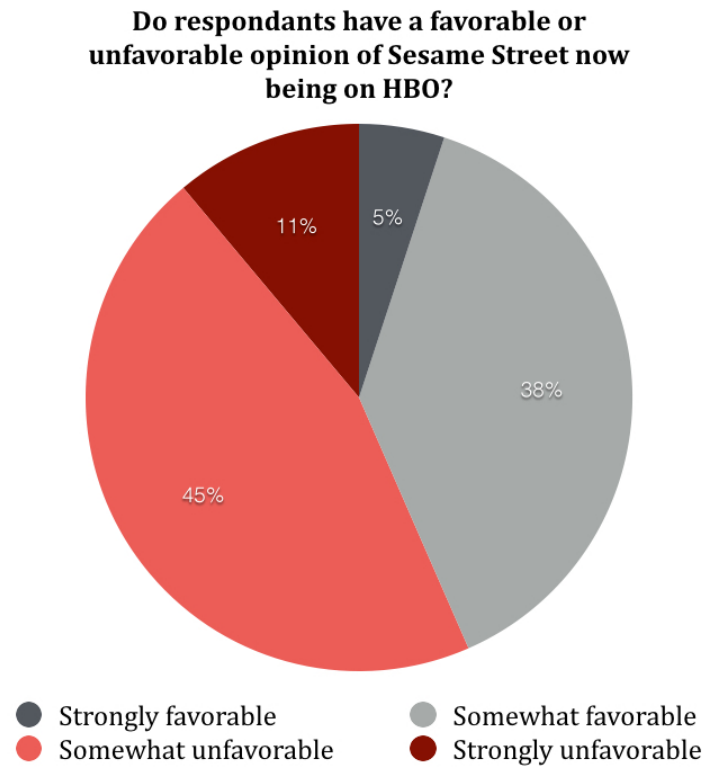
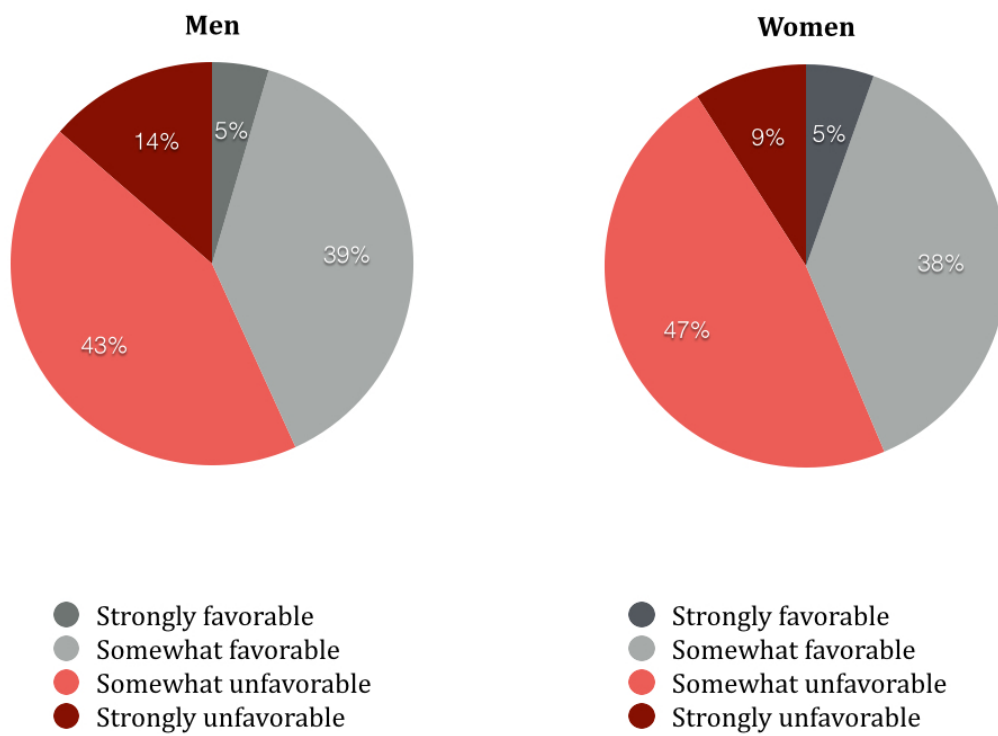
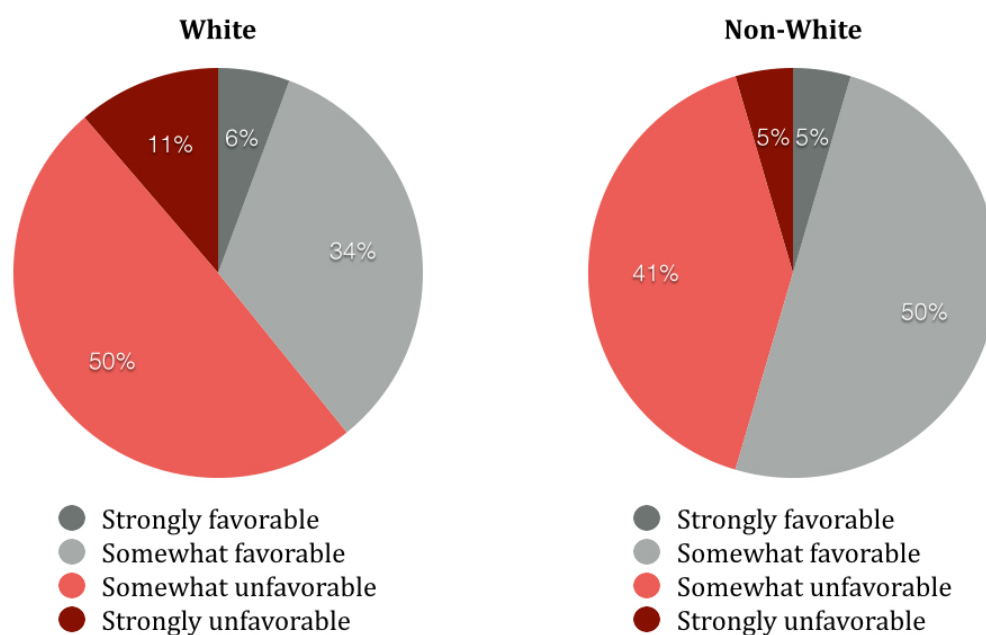
Table 2

Table 2 shows that respondents opinions regarding Sesame Street being on HBO are divided and do not feel ‘strongly’ in their opinions on the matter. Eighty-three percent felt only ‘somewhat’ favorable or unfavorable about the longest running public children’s show being on a pay network. Table 3 (below) shows little difference between men and women and how they feel about Sesame Street being on HBO.

Table 3

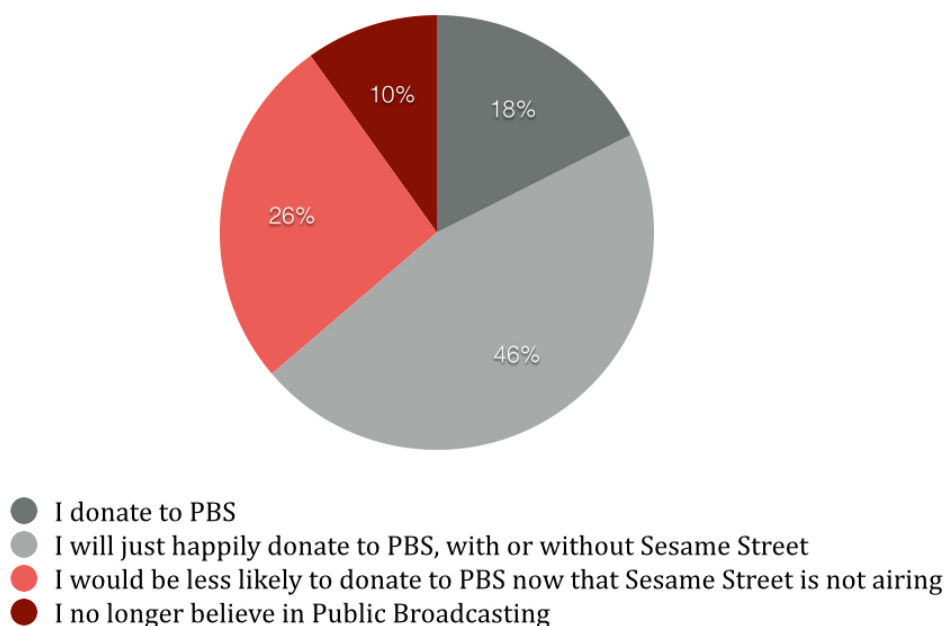
Tables continue on next page.

Table 4

About 46 percent of non-white participants found the deal somewhat or strongly unfavorable compared to 61 percent of white participants. This is of concern considering many minority groups, according to studies performed by the American Psychological Association are less educated – African American children are three times more likely to live in Poverty” – and are more prone to being exposed to agenda driven media: “and “minority children in high-poverty areas are more likely to be exposed to alcohol and tobacco advertisements (Wallace, 1999) and drug distribution (Wallace, 1999); they are also more likely to use drugs and exhibit antisocial behaviors (Dubow, Edwards, & Ippolito, 1997)” (“Ethnic and Rachial Majorities,” n.d.). So what does it mean for PBS that majority of people don’t know about the Sesame Street and PBS deal? Or how does it affect them?

Table 5

Although the amount of member contributions individual PBS member stations are reliant on differs, generally speaking, would you be any less likely to contribute to your local PBS member station now that Sesame Street is no longer airing first on PBS?



The vast majority of people say that Sesame Street being on HBO would not be a deterrent to their contributing to local PBS stations (46.2 percent of people). 26.4% of people say they would be less willing to contribute to their local PBS station given that Sesame Street is no longer airing on PBS first. Sixty-four percent of people either donate or would happily donate to PBS without Sesame Street airing first public television. Ten percent of people no longer believe in public broadcasting. These figures imply that people are still willing to fight for public broadcasting, and contribute to its causing, regardless of their less than passionate feeling about Sesame Street specifically.

In analyzing these results, the author looked at a few articles pertaining to the apparent shift in viewer values and which also analyze the results of the new *Sesame Street* as aired on HBO.

Two writers from *The Verge*, a technology news and media network operated by *Vox Media* took to the website to analyze the show and the affects it had on them. Two topics that caught the author's interest in relation to this study were imagination and economics and sustainability.

After talking about how difficult it was to access the programming on HBO one writer, Dan Seifert said, "Those special effects! That was definitely the biggest visual difference. *Sesame Street* used to ask kids to imagine all kinds of crazy stuff, and now it's just getting thrown on the screen as computer graphics... by the second episode, however, I was used to all the bells and whistles" (Popper and Seifert, 2016).

Ben Popper, Seifert's co-writer, went on to describe a little bit about how he feels divided as a parent - the tightly packed format he liked, noting that it was easier to squeeze in before dinner, but also noting he felt a bit short changed and missed the old format; however, he concluded "I'm happy Sesame Workshop took the money. It sucks that people who can't afford HBO have to wait a season before getting the new episodes, but on the other hand, I'm glad *Sesame Street* is no longer beholden to the budget scolds in Congress" (Popper and Seifert, 2016).

Cara Lisa Berg Powers, Executive Director of Press Pass TV, an organization dedicated to using media arts and culture to solve community challenges and empower youth, wrote an article for *The Establishment* entitled "'T' is for Troubling

Changes on 'Sesame Street' in June 2016 in response to the deal between Sesame Street and HBO. In the article, she starts off by citing a famous quote from *Sesame Street* co-creator Joan Ganz Cooney: "It's not *whether* kids are learning from television, but *what* they are learning." Powers uses this as a launch pad for the thesis of her essay: "In our world of ubiquitous screens and unending content, this axiom is perhaps more pertinent than ever...unfortunately, the reality is that this new deal degrades the critical original mission of *Sesame Street*. Moreover, the premium cable network's involvement in funding the pivotal children's show signals some disturbing truths about the direction of our society" (Powers, 2016).

Cooney's quote is significant here because with the network change, added money from a for-profit network, and as a result, the creation of Sesame Street Studios—which under the HBO brand has changed their episodic formula—*what* they [children] are learning, is now different.

According to *Ed Week*, "Early large-scale studies by the Educational Testing Service in the 1970s found children ages three to five who watched the show over 26 weeks showed significant improvements in the skills covered by the show, including alphabet and number recognition, body parts, and shapes." And other research from a study at Wellesley College and University of Maryland showed, "*Sesame Street* is one of the largest and most affordable early childhood interventions ever to take place." Additionally, the study found that "Boys and black, non-Hispanic children experienced the biggest improvements in school performance. Effects are largest for children living in economically disadvantaged areas" (Powers, 2016).

Gentrification is taking place in our cities, especially cities like Manhattan where *Sesame Street* is modeled after. And *Sesame Street, too*, is gentrifying with the network and content changes. “The new Sesame Studios is underwritten by United Healthcare, as is the programming in general (not to mention Party City and Beaches resorts)” (Powers, 2016).

According to Sesame Workshop CEO Jeffrey D. Dunn, “Our new partnership with HBO represents a true winning public-private partnership model.” This is a similar tune to the one president-elect Donald Trump echoed throughout his campaign. And the words “true” and “winning” seem to be as in style as “gluten-free” in 2016. As a side, although less than 1% of the population has celiac disease (as of 2014), in the two years leading up to the study in 2015, gluten-free food sales have surged 77% (Bonar, 2016).

Looking at Jeffrey D. Dunn’s quote, Where does the public fall in line? Earlier in the literature review we noted that less than 10% of Sesame Street’s budget came from PBS member stations, but now 0% does. So the public doesn’t really have any ownership in Sesame Street anymore. It airs for free on PBS nine months later and on various YouTube channels as part of Sesame Street’s deal with HBO.

Customers Don’t Know What They Want

Throughout his career, Steve Jobs famously eschewed market research and relied on his intuition. In a 1985 interview with *Playboy*, he said: “We built [the Mac] for ourselves. We were the group of people who were going to judge whether it was great or not. We weren't going to go out and do market research.” (Mui, 2011). In 1997, in an interview with *business week*, Steve Jobs famously said, “A lot of

times, people don't know what they want until you show it to them" (Mui, 2011).

This mentality for performing in the market seems relevant to today's television audiences more generally. As we've noted in Donald Trump's victory, we saw that his unprecedented methodology for claiming the highest job in the country somehow echoed the wants and needs of the American people — they certainly preferred that method of tweeting and doing away with the old establishment to Clinton's approach to continue the work done by President Obama. In *The Great Dictator*, during Chaplin's final speech, he proclaims, "*Don't give yourself to brutes – men who despise you and enslave you – who regiment your lives – tell you what to do – what to think and what to feel!*" Cyber-bullies or opinionated people have started doing this on social media platforms. Actor DL Hughley recently stated that one of the reasons why he thinks Donald Trump was elected was because of the politically correct that aim to intimidate free speech on social media. So perhaps unpredictability translates to not being told what to think or feel. Fake news and Trump slamming media for false reporting may have gotten people thinking they were subjects of propaganda and the slogan, "Make America Great," implying that it's not, all the more hopeful. It is worth mentioning that Hillary Clinton did win the popular vote, but lost the presidency by way of the Electoral College vote, which is meant to represent the country as a whole by using electoral voters that cast on behalf of their state's wishes for the presidency. Using intuition and impulse instead of market research, like Steve Jobs, paid off for Donald Trump, and there is much controversy over his disregard for traditional presidential methods for getting information to the public. Never before has a president used twitter or social media

by their own hand to relay their messages to the American people - and Donald Trump arguably does this in at least a more personally-transparent way, often sending tweets off in the middle of the night or before he has gathered all of the facts on a particular issue.

Observers say it's undeniable that Trump's use of Twitter to share his message directly with his followers "has set a new precedent for interactions between politicians and voters – and, if he continues to tweet from the Oval Office, it would mark a fundamental shift in how the president communicates with the American people" (Kauffman, 2016). The intention behind Trump's social media presence may not be unprecedented according to some political scientists: "In some ways, the president-elect's use of Twitter to connect with voters is merely a more successful continuation of efforts by past presidents, including John F. Kennedy and Ronald Reagan, to speak directly to the public using any technological means available (Kauffman, 2016). Jeffrey Cohen, professor of political science at Fordham University says, "It looks, on one level, like it's all brand new and disruptive, and it might be, but it represents a pattern of presidential behavior of trying to find a way of getting their message out to the public and policy-makers in a way where they control the content and timing of the message (Kauffman, 2016).

The Future of HBO

In terms of the HBO's future, "its most crucial new series may be one starring a large yellow bird....*Sesame Street* opens up an entirely new market for the network, one that it could utilize to add millions more subscribers in the years ahead." Jeffrey Bewkes also noted that, "the last two years have been the highest

growth in HBO subscribers in 30 years (James, 2016). Although Jeffrey Bewkes, the Time Warner CEO has said that HBO is not after the same goals as Netflix, after replying to a question regarding the higher price point of HBO Now service compared to the more popular Netflix service, there is no denying HBO is in direct competition with Netflix. HBO's priority with Sesame Street is to add to its ancillary services, such as content through apps (James, 2016). "*Sesame Street* alone won't be enough to counteract Netflix's sheer volume, but it could represent the beginning of an important strategic shift for HBO. If Time Warner can make its network as appealing to children as it is to adults, it could entice a growing number of parents to sign up for the service" (James, 2016). Last December, Netflix's Ted Sarandos revealed that the streaming giant was working on 30 different series aimed at children.

PBS New Programming

In November, the Jim Henson Company – the people behind the Muppets who populate Sesame Street – will launch "Splash and Bubbles," a series that uses digital puppetry to explore marine biology.

Summation

Although the future of public media is uncertain, there is no denying that culture shifts in the world are changing viewers habits and the way they consume media and utilize technological tools at their disposal. The original research conducted by the author suggests that PBS's member stations not contributing to Sesame Street's budgets now and in the future may have little effect on consumers willingness to contribute to their local stations. However, as with the rapid changes

in consumer choices, and in considering the cultural shifts as displayed in the 2016 presidential election and how American voters values have seemingly changed for better or worse, the future of public broadcasting is difficult to determine, and a projection or market analysis may be a waste of time. Perhaps, it is better that PBS and its member stations should – like Steve Jobs suggested he did with Apple Inc. – go with their gut. Like the music industry having to adapt to new audience trends in the past several years (i.e. with Internet downloads vs. album sales), the television industry has to do the same. Adapting and innovating are the only ways to stay relevant in a nearly un-forecast-able world. GQ contributor concluded early in 2016:

But if we learned anything in 2016, it's that the effects of a rapidly shifting music industry are re-contextualizing how albums are released entirely. In other words, things aren't nearly as simple as they used to be. It's grown harder to speak about upcoming albums in definite terms. For all we know, the albums that will excite us the most will arrive late, be leaked early, not come at all, or emerge entirely from left field.

(Smith-West, 2017)

Alas, it appears there is no specific formula for what works. It's throwing your best stuff into the universe and hoping it sticks.

In a 2004 interview with Steve Paulson, at a time when reality television was much newer than it is today and not nearly as popular, David Foster Wallace expressed one of his fears relating to reality TV consumption for our world:

“The inhibition of shame on the part of both the contestants and on the part of the people who put together the shows — at some point people have figured out

that even if viewers are sneering or talking about in what poor taste stuff is, they're still watching, and that the key is to get people to watch, and that that's what's remunerative. Once we've lost that shame hobble, only time will tell how far we'll go" (Masciotra, 2017). Donald Trump, now the 45th President of the United States, "is the least popular president-elect in modern history" (Nguyen, 2017); however, he is a reality-TV star who dismissed the polls that formed the latest quote as "rigged." More than half of all people disagree or disapprove of the handling of the Trump transition and The Wall Street Journal agrees that Trump is the least popular new President in at least a generation (Hook, 2017). On March 16, 2017, President Trump released a budget proposal that called for the ending of federal funds to the Corporation for Public Broadcasting (Paletta & Mufson, 2017).

CHAPTER FIVE: DISCUSSION

The digital TV transition has reshaped how Americans consume media. As stations have had to upgrade technologies to exist in the market place, consumers too have had to adopt new technologies to function ‘normally’ in society. Before Barack Obama was in office there were not iPhones or smart phones with apps. Popular, billion-dollar company apps such as Twitter and Snapchat didn’t exist either. Uber was conceived of the year that Obama took office in 2008. Today, Twitter continues to grow, having had more active users than any year since their founding. In the third quarter of 2016, Twitter reported 317 million active monthly users. 71 million people tuned in to view Trump’s win in the 2016 presidential election. Plus his twitter account has over 20 million followers and with his provocative texts being cited by nearly every news program, the audience was, in fact, much larger. The re-tweeting and convergence during the election coverage actually indicates viewer engagement. Donald Trump is the first president in history to have used his personal twitter account as a sitting president.

This important moment in history is leaving much unpredictability. Since nearly all credible sources wrongly predicted his defeat, and given that during the election he often ignored the advice of his senior staff, and still prevailed, it is difficult to know what new laws will be written, and what will come to fruition in President Trump’s administration. Already of concern, though, is a topic that was not brought up at any of the debates during the 2016 election: The privatization of public media and the abolishment of federal funds being appropriated to CPB. This is an issue that has plagued public media for decades. Especially for those stations in

smaller markets that often rely on 50% of their revenues to come from government funding, it has been said that the abolishment of those funds, would effectively kill them. And in time, with fewer member stations sharing content, their relativeness and ability to carry out their mission, would dissipate.

While writing the beginning of the results section, a familiar subject to the author was brought to mind. Just as Jane Jacobs fought for the people on the Street in New York City, encouraged by the witnessing of families being displaced to make way for Robert Moses's 'beautiful' bird's eye view of the city – neglecting the very people that make up the streets and the city – the author is interested in how Sesame Street has been like Jane throughout the years. Sesame Street was proud to showcase New York City streets, like Jane; the staging of Sesame Street was inspired by Harlem videos of kids playing on the streets, amidst the grit and grime of the worn pavement. Jacobs showed the damage that could be done with these authoritarian views of the city designed to serve the rich. Her writings have been studied in nearly every architectural program in the world. Yet, what she famously preached against is happening still today. Shenzhen, China and Rio, Brazil are some examples of cities where the poor are being displaced to rise-up inner cities with wealth. Images around the world show high-rise buildings being constructed practically on top of slums. Now, President Trump wants to privatize public broadcasting, taking it from the people so as to eliminate federal contributions. This (as we've seen with Sesame Street moving to HBO) widens the gap between who will have access to programs that were originally meant to serve the less privileged. On March 16, 2017, at 120:01am, *The Washington Post* reported that President

Trump would release his budget proposal entitled “America First: A Budget Blueprint to Make American Great Again,” that aims to increase defense spending by \$54 billion by “stripping funding to more than 18 other agencies” (Paletta & Mufson, (2017). “It would also propose eliminating future federal support for the National Endowment of the Arts, the National Endowment for the Humanities and the Corporation for Public Broadcasting. Within EPA Alone, 50 programs and 3,200 positions would be eliminated” (Paletta & Mufson, (2017).

The author worked closely on a film about Jane Jacobs, which premiered in 2016. It is almost entirely composed of archival footage. It has always been said that when making a film, you rewrite it three times: original script, shooting script, editing script; it is interesting, though, as we’ve talked about reality television and David Foster Wallace’s worried warnings regarding reality television, if we consider the media that we are most interested in consuming nowadays. The job of the editor is arguably much more relied upon now than ever before. Editing software has become user-friendlier and technology advances have made it incredibly easy to shoot original or acquire pre-existing footage, which feeds into the idea that ‘anyone can be whatever they want to be’. This, however, can be dangerous thinking as output is often unrefined. It becomes the editor’s job to make sense of it all. When there is no arc, the editor must create that arc from somewhere, which normally results in something less organized, as there wasn’t original motivation and effort into shooting or compiling specific details to serve a story. This seemed certainly the case in the film the author worked on, as it was somewhat of a thesis process itself that required budget increases and guess-and-checking. The point I’m trying to

make is that the more reliant creatives become on their editors, the less creative their roles become. Of more significant importance, though, is the fact that media consumers then, get something that is arguably less composed, but still entertains them, as it provides escape. The more cutting and less composing, and the more availability of this media, is causing sensory overload.

It is, in the author's opinion, a wonderful thing that the user-friendliness of new technologies that enable more skill sets to be developed and new content that would otherwise not be created, to be created. However, the concern lies in the abusive patterns of reliance on these technologies, especially smartphones that are changing how we take in media. Although it is said we may be more engaged, we are also so used to that engagement now, that the things that affect us are changing. Fewer people are going to the theater, and if you go, practically everyone turns their phone back on at intermission – this, in the author's opinion, takes away from the experience as you are effectively putting it on pause.

As we, as a society, begin to disengage more, substituting our mobile devices for conversations with our loved ones, those traits are being passed down to future generations. It is common to see babies with their parent's smart phone using it with greater ease than their parent. Sensory overloads are now more common, and young brains are not developing the motor skills necessary to communicate as their elders do.

So Where are We Heading? What's Next?

Undoubtedly there be no stop to technology innovations. And if people are communicating less in the flesh, are we all just displacing ourselves? How will this

lack of or new kind of intimacy affect not just television, but how the world will be? Will there be any reason to go outdoors or to the theater? Will businesses prevail? Will there be parking lots if there are no human drivers?

Brian Dunham, whose tech-company was on display at the 2017 Consumer Electronics Show (CES) in Las Vegas, says “the whole idea of intimacy has shifted... kids these days, they don’t pick up the phone to make a call—it’s all texting. Their first intimate moments happen over text or Snapchat. That type of intimacy is second nature for them.” He and his wife, founders of OhMiBod, are betting on this continual intimacy shift and are creating methods to be sexually active digitally, with your partner (Hines, 2012).

The results of the research, although not entirely conclusive, suggest that people are fine with the current trends taking place. As it pertains to public broadcasting, many people are generally uniformed. In 2010, NPR research suggested, “Misinformed people rarely change their minds when presented with the facts – and often become even more attached to their beliefs.” The author’s research suggests the same. So, while majority of people are not happy with Donald Trump’s presidency, he was still elected President and uses technologies and language in a way that people are clearly used to.

Despite the reputation, public broadcasting will always struggle to stay relevant and serve their mission. There are too many opponents that have more favorable cards. The question still remains though, what will happen if public broadcasting does end, and will people care? Who will really lose?

Perhaps, no one. Perhaps, everyone.

Suggestions for Further Research

A study showing the next five years and the changes seen to Sesame Street, HBO membership and their profit-loss balance sheets, and strategies that PBS will employ given results of the deal over an extended period of time would greatly benefit public media. That type of study may be able to provide viewership changes directly resulting from Sesame Street being on HBO. Additionally, we may see a new model start to form if premium cable sees a significant rise in subscribers because of their new children's programming. We may also see some changes that CPB makes in its allocations and what public media stations might do to prepare for such changes.

Another idea for future research is to take a more in-depth qualitative approach, measuring over a greater period of time and utilizing a greater pool of participants, to gauge how people feel about the future of public media given current initiatives and deals. This may shed light on viewer behaviors and how they are shifting over the long term.

Limitations

The author faces several limitations when conducting this study. Firstly, in regards to the spectrum allocation deal, significant research can not be displayed in this study because the broadband spectrum auctions are currently underway at the time of this thesis writing, and because of the value of such deals underway, it is illegal for any station to broadcast any inner-workings of the deals, whether they continue to be involved or not.

The author is reliant mainly on opinions voiced by consumers on the World Wide Web. Although there are heated debates, there is no moderator involved in such debates and discussions surrounding the issues expressed in this study. This study focuses on the immediate aftermath (within the first year) of the deal between HBO and Sesame Street, thus there can be no long term analysis of the way that people feel about this particular deal in this particular study.

Finally, the author has limited access to consumers and professionals alike and so the pool from which the author is gathering data is quite small in comparison to the landscape. Although the number of participants involved in the research is an adequate number to represent the country according, it carries a 10 percent margin of error, which would be reduced if the author had the access, time, and resources necessary to involve a greater number of participants.

Ethical Considerations

The author has no agenda in submitting this thesis other than to advance the literature and provide information in light of the deal between HBO and Sesame Street.

Some final food for thought: Humans v. Computers

Although it is not directly related to this thesis, but because this thesis puts heavy importance on technological innovations and talks some about robotic technologies, I believe it is important to state here the true difference between humans and computers. Because computers are dedicated to data collection and analysis, and are designed by humans to serve specific needs, they are able to often function at much higher levels for producing results than a human brain can. Humans create computers and computers may create computers, but computers lack empathy. They cannot go to the theater, be inspired, and create something original because of that inspiration. They cannot evoke memories by revealing intimate truths to people about themselves – allowing themselves to be vulnerable. People are important. So, it is important that we place greater value on them.

Since the 1990's, Google's Director of Engineering, Ray Kurzweil, has made 147 predictions with an 86 percent success rate. Kurzweil says, in part due to our addiction to phones, the next step will be to wire this technology [computers] into our brains: "By 2029, computers will have human-level intelligence" and that will lead to our putting them inside our brains, connecting them to the cloud, and expanding who we are (Weston, 2017).

Elon Musk has said that because of the rise of artificial intelligence, humans will have to augment themselves just to keep up with the machines (Weinberger, 2017).

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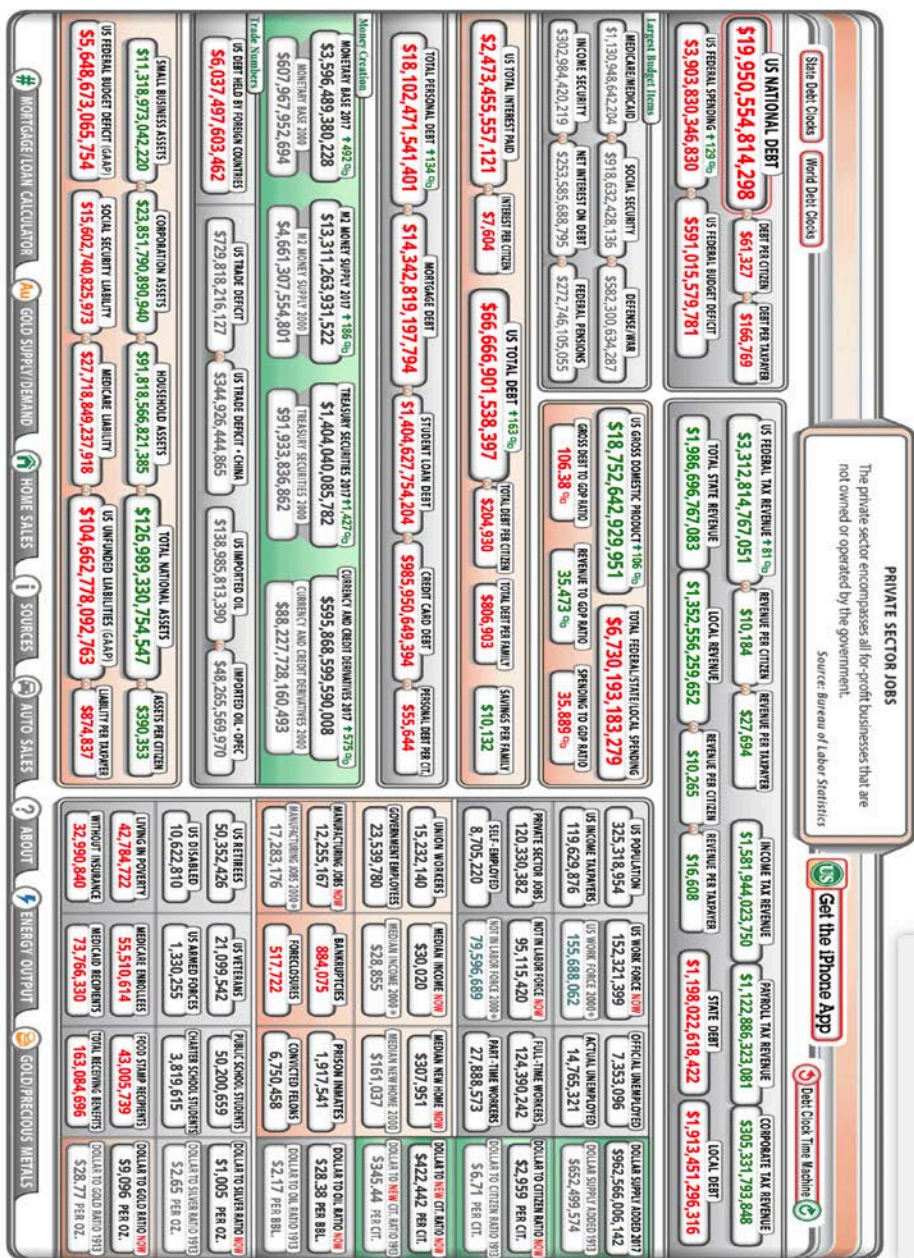
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(“U.S. National Debt Clock: Real Time,” n.d.).



Appendix 2 : Survey Questions Asked To 100 Participants

1. Are you male or female?
2. What is your age?
3. For 45 years Sesame Street aired on PBS stations. In 2016, Sesame Workshop and HBO signed a deal where Sesame Street's new programming would air on HBO exclusively for the first nine months from air date. After those initial nine months, PBS would be free to air the show at no cost to them. We can see some of the benefits of the first three listed below that are involved in this deal:

A. Sesame Street/Workshop receive funding from one source and can focus more on programming, etc.

B. PBS no longer has to allocate funding to Sesame Street and still gets to air old episodes and new episodes after their on HBO for nine months exclusively

C. HBO adds one of the most popular, educational, reputable shows of all time. Popular show among key demographics for HBO

D. The American People and public television

Prior to reading the above text, did you know that a deal took place between HBO and Sesame Street in 2016?

4. How do you feel about Sesame Street no longer being a show funded by the public?
5. Do you or does anyone in your household watch new episodes of Sesame

Street now that it's on HBO?

6. In general, do you have a favorable or unfavorable opinion of Sesame Street now being on HBO?
7. Although the amount of member contributions individual PBS member stations are reliant on differs, generally speaking, would you be any less likely to contribute to your local PBS member station now that Sesame Street is no longer airing first on PBS?
8. How do you feel about the changes to the content (characters, episode length, sets, etc.) of Sesame Street since their network switch to HBO?
9. US Religion
10. Are you White, Black, or African-American, American Indian or Alaskan Native, Asian, Native Hawaiian or other Pacific islander, or some other race?
11. What is your age?
12. What is your gender?
13. How much total combined money did all members of your HOUSEHOLD earn last year?
14. US Religion of participants
15. Device Type being used

Appendix 3 : Twitter Demographics

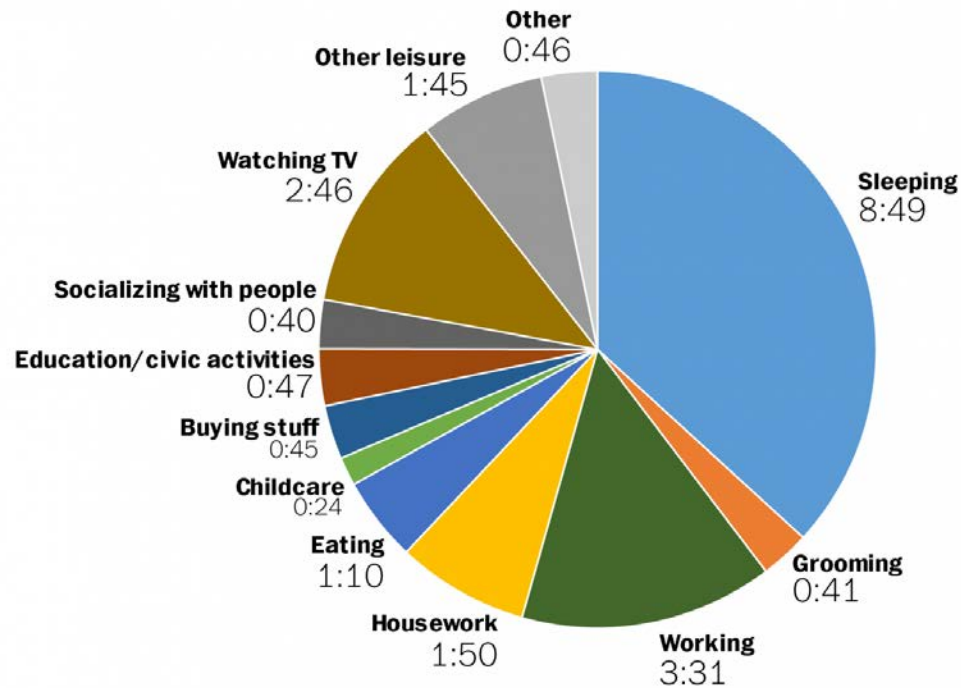
Twitter Demographics	
<i>Among internet users, the % who use Twitter</i>	
	Internet users
Total	23%
Men	25
Women	21
White, Non-Hispanic	20
Black, Non-Hispanic (n=85)	28
Hispanic	28
18-29	32
30-49	29
50-64	13
65+	6
High school grad or less	19
Some college	23
College+	27
Less than \$30,000/yr	21
\$30,000-\$49,999	19
\$50,000-\$74,999	25
\$75,000+	26
Urban	30
Suburban	21
Rural	15
Source: Pew Research Center, March 17-April 12, 2015.	
PEW RESEARCH CENTER	

(Greenwood, 2015)_

Appendix 4: Average American Day in 2015

The average American day in 2015

Hours and minutes spent on each activity



WAPO.ST/**WONKBLOG**

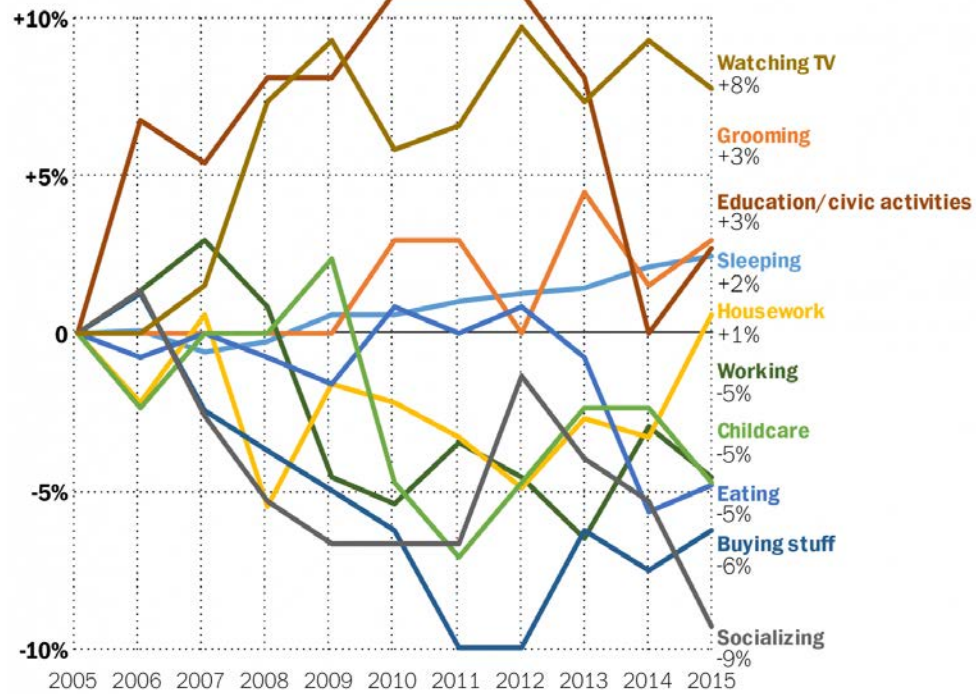
Source: American Time Use Survey

(Ingraham, 2016)

Appendix 5: How the Average American Day Has Changed

How the average American day has changed

% change in average time spent on each activity since 2005



WAPQ.ST/WONKBLOG

Source: American Time Use Survey

(Ingraham, 2016)

